APPENDIX M
MARKET ASSESSMENTS AND REVIEW

Technical Memorandum (Draft for Review)

MARKET ASSESSMENTS AND REVIEW
Rentschler Field Development, East Hartford, CT

Prepared Under Contract to:

BAYSTATE ENVIRONMENTAL CONSULTANTS

For:

STATE OF CONNECTICUT
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

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Definition & Purpose of the Assignment

AMS Consulting (AMS) was engaged by Baystate Environmental Consultants and the State of Connecticut Department of Economic Development (DECD) to assess the current and projected state of the market for a proposed $2 billion development targeted 650 acres at Rentschler Field in East Hartford into housing, retail, high tech and research offices, medical and sports facilities and hotels. This assessment is designed to serve as a base for review of proposed concepts and any market findings and conclusions prepared by developer of the project. As presently conceived, the program for the site would consist of the following new construction:

- 172 residential units targeted as condominiums
- 2,012,000 square feet of retail space (Including Cabella's Super Store)
- 101,000 square feet of entertainment and dining
- 1,342,000 square feet of office space
- 700,000 square feet of R&D space that includes the Connecticut Center for Advanced Technology
- 243,000 square feet sports, fitness and sports medical space
- 710,000 square feet linked with two hotels

Purpose

The purpose of the assessment is to independently benchmark current market conditions and consider future trends prevailing in the Hartford metro marketplace so as to produce an informed market review of the various components proposed for Rentschler Field Development. In light of the significant scale and protracted timeline for build-out of the project, primary focus has been placed on determining market capacity and thresholds for proposed concepts as opposed to direct feasibility of any one component.

Economic Base

The Hartford Metropolitan Statistical Area, now known as a CBSA or Core Base Statistical Area, and also encompassing the Hartford Labor Market Area, defines the greater Hartford region in terms of demographic trends and economic base.

The following benchmark data for Hartford CBSA was sourced from the US 1990 and 2000 census data.

Population: Population increased slightly by 24,940 from 1990 to 1,148,618 in 2000 (2.2%), but is expected to increase by 6.3% between 2000 and 2010, or roughly half the national growth rate of 12.79%

Households: Typically in the Northeast households have increased faster than population. Households have increased 22,219 since 1990 to 445,870 (representing a 5.1% increase). Household is expected to expand by 8.2% between 2000 and 2010 as compared to 13.5% of the nation.

Average household size: 2.48 in 2000, down from 2.56 in 1990. Typically households are getting smaller.

Single person households: increased by 24% from 1990 to 2000, or more than double the rate of overall household increase, to 121,834. This is the demographic from which most of the new household formation impetus is coming.

Married couples without children: Totaled 103,730 in 2000, essentially unchanged from the 1990 level of 102,973. While not growing, this household segment is about the same size as the single household market.

Median household income: $61,831 in 2005, up from $52,756 in 2000, representing a 17% increase in five years, 3.4% annual increase.

Tenure (1990-2010): The ratio of ownership households is rising in the region increasing from 60.9% in 1990 to 62.7% in 2000 and estimated 65.6% in 2005. By the end of 2010, ownership households is projected to expand to 66.4%.

Age & Education (1990-2000, 2005): Evidence of the impact of an aging baby boom population is noted in rising median age increasing from 34.2 in 1990 to 37.6 in 2000 and estimated 39.2 in 2005. Notably, a much younger population resides east of the river with median age at 39.7 versus 43.1 west of the river. The census data also points to a more educated population base with 30.5% of population 25+ having secured advanced degrees by 2000 as compared to 26% in 1990. On a statewide basis, Connecticut ranks 5th highest among states in the share of its labor force having a bachelor degree or higher.

Jobs Formation

Connecticut's nonfarm employment, led by southwest Connecticut, started recovering from the recession of the early 1990's in 1993, regaining jobs through 2000. This was followed by a job recession that lasted through September 2003 and later by stagnant growth through 2004 that cost the state 61,400 jobs that are not projected to be regained until mid 2007. This is compared to the 161,100 jobs lost during the February 1989 to December 1992 recession. The Hartford Labor Market Area was slower to start its recovery but had by 2000 achieved a level of 555,600 jobs. Annual average employment peaked in 2000 when like the state the region began to experience substantial job declines that totaled an estimated 17,200 by end of 2003. The region has since recouped an estimated 5,000 jobs through 2005 due to gains in Retail Trade, Professional and Business services, Educational and Health services.

Jobs Forecast

Job growth in the state is expected to be steady, but modest through 2007 averaging 0.7% to 1%. The state added 18,200 jobs in 2005 and is projected to add 17,600 in 2006 according to analysis conducted by the New England Economic Partnership (NEEP). An encouraging trend for the state and the region are signs of growth in the state's Gross State Product which increased 4.5% in 2004, exceeding the national rate of 4.3% and more than double the state's average annual average between 1997 and 2003. Job growth for the Hartford region is projected to match the state's slow and steady progress through 2007 averaging 2,500 to 3,000 jobs each year, translating into 0.5% increase a year.

Observations Regarding Socio-Economic Trends

- Household formation has been slow but steady by Northeast standards, where after the 1980's growth had slowed in response to the lengthy real estate and jobs recession and is only recently picking up.
- Household formation among singles has been particularly strong, which supports multi-family development opportunities.
- The state and the region's population growth has ranked among the lowest in the country between 2000 and 2005. Based on Census data, the state grew by less than 2.9% between April 2000 and July 2004. The Hartford region was even lower at 2.4%.
- High Income base and respectable growth averaging 3.5% a year provide a sound base for retail opportunities in the region and helps offset sluggish population growth.
- Employment peaked in the Hartford area in 2000 followed by consistent job losses through 2003. The region lagged the state in a turnaround but eventually gained some ground later in 2004 and through much of 2005. Regional job growth, however, continues to be somewhat anemic at 0.5% a year as compared to 0.7% to 1% for Connecticut.

East Hartford

Once a major manufacturing center with a predominantly blue collar workforce and population, East Hartford today is much more diverse in its employment opportunities, although manufacturing still plays a vital role. A major part of the history of East Hartford revolves around Rentschler Field, which is named for the founder of Pratt & Whitney. The vestiges of his work are still an important part of the fabric of the community. Much of the housing and commerce in East Hartford was developed for the P&W workforce.

East Hartford's proximity to the state capital has had a positive effect on its recent development efforts. At the nexus of I-84 and Route 3 and just across the bridge from I-91, the city is well-connected to Hartford and to the growing suburbs to the east. For many years, development passed by to the east and north, but in recent years, its ease of access and short distance to the cultural life of Hartford has given it new appeal. The development of the stadium at Rentschler Field has been a further catalyst for some of this activity, and, with seating for 40,000 and a record thus far of sell-outs for games, is expected to continue to draw crowds to East Hartford.

The continued presence of jet engine manufacturer Pratt & Whitney, the town's largest employer with 8,500 employees has been a further plus. P&W has been active in moving research and engineering jobs into the East Hartford that includes the United Technologies' Research Center, with 600 employees in its research labs. Other major employers includes the Coca-Cola Bottling plant with 550 employee, Riverside Health Center with 450 employees, the recently relocated headquarters of Connecticut Natural Gas and CSC Financial with 300 employees each, Addressing Services Corporation with 280 employees and Oakleaf Waste Management with 280 employees.

Recent investment in the community has been impressive. In 2001, Pratt & Whitney opened a new customer training facility in East Hartford and invested $84 million in new equipment and building renovations at its other East Hartford facilities. Other significant developments include Coca Cola's 100,000 square foot expansion of its manufacturing and distribution center (one of three Coca-Cola facilities in the city) in 2000, Connecticut Natural Gas's relocation of its headquarters to East Hartford in 2001, and Oakleaf Waste Management's 20,000 square foot expansion of its headquarters in 2003.

Retail Market Assessment

Definition of Retail Trade Areas

In consideration of the scale and types of retail being considered for the Rentschler Development, trade areas consisting of 10 mile, 15 mile and 20 mile radius from the proposed development were evaluated with respect to retail potential[1].

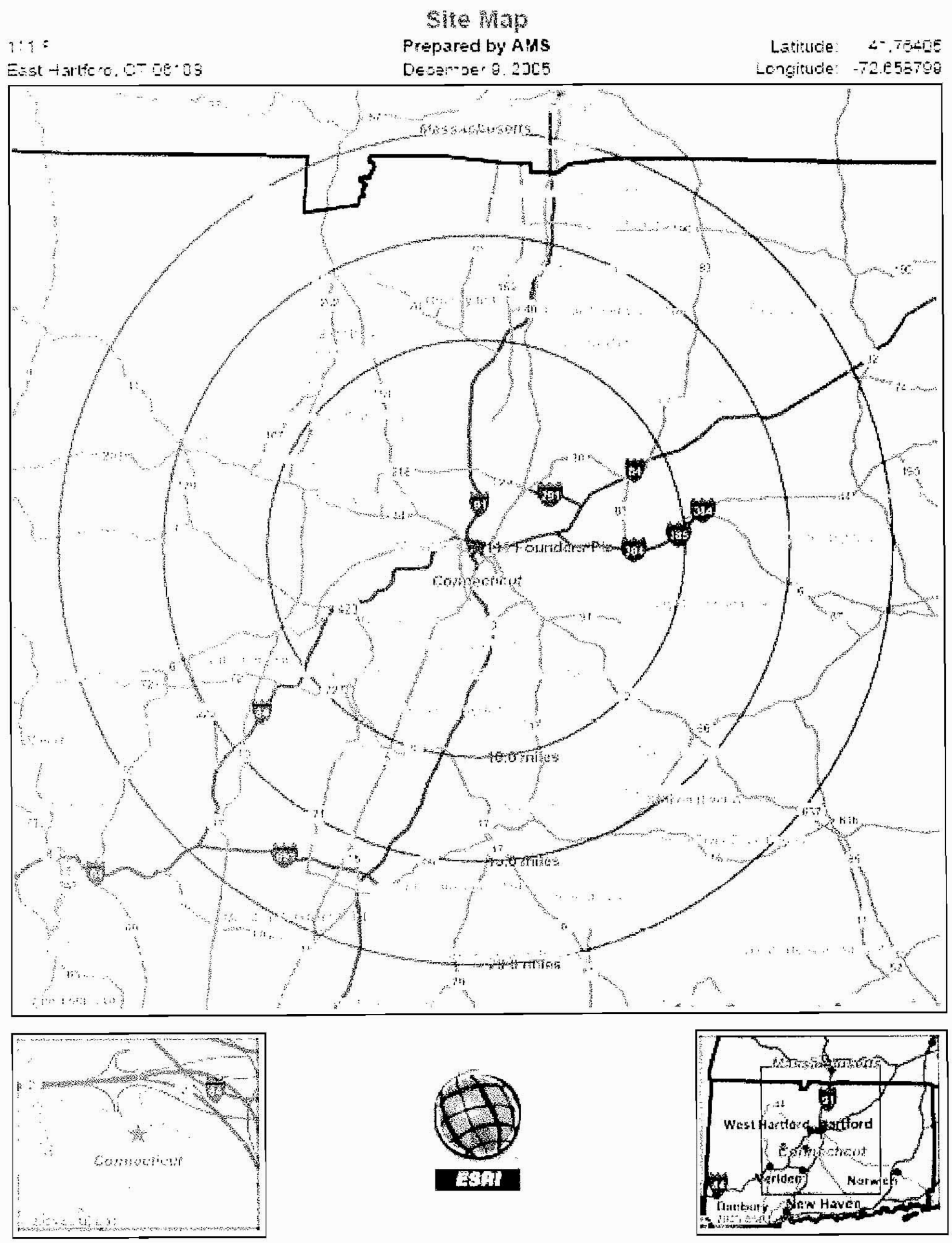
While much of the retail and entertainment/dining proposed for Rentschler is destination oriented and can be expected to draw consumers throughout Connecticut (and in the case of the Cabela's Outfitting mega-store, even further), the 20 mile radius trade area best describes the proposed development's principal source of demand and offers a benchmark for evaluating impact on existing supply.

The 10 mile radius, defined as the primary market area, generally consists of the Greater Hartford region picking up portions of Avon, Simsbury and New Britain to the west, Rocky Hill to the south, Manchester to the east and Windsor to the north. The 15 mile radius closely resembles Hartford County in population and area. Meanwhile, the 20 mile radius stretches as far north as the Massachusetts border and south to Meriden and Wallingford, west into Litchfield County and east to Mansfield and Storrs. In total population size, this 20 mile radius encompasses over one-third the population of the state of Connecticut.

A map showing the various radius trade areas follows.

[1]The Hartford MSA is commonly used as a defined market trade area and is closely linked to the 15-20 mile radius trade market noted in the map. While geographical boundaries are not as strong an indicator of retail potential as drive times, the MSA will be used as appropriate depending on source data in analyzing retail demand and supply in the Hartford area

Retail Trade Areas



Retail Industry Overview

Despite some significant shocks to the retail sector between 1999 and 2003, the industry has recovered reasonably well in southern New England. The regional chain store bankruptcies and replacement by dominant national retailers has more or less worked its way through the region, although Wal-Mart is now taking on the established grocery chains, having already cut a wide swath through the discounters.

As with the residential markets, retail construction has been buoyed until recently by low interest rates. According to the ICSC (International Council of Shopping Centers), shopping center and retail construction spending, after falling precipitously from 2001 through mid 2002, has been rebounding and was very strong through the first five months of 2004. However, retail construction cycles have relatively short swings, with four cycles over the past 10 years, and interest rates are anticipated to continue to rise. While shopping center executives remain optimistic over the short term, retail construction will doubtless curtail somewhat along with residential development based on assumption of higher rates that take money out of the consumer's pocket and increase construction costs and rents.

Reportedly 90% of all new retail construction is for single tenant or owner use. The enclosed mall is on the wane, with just two in construction in the United States. By contrast there are 25 large scale mixed use development projects underway nationally, according to Street-Works, a mixed use developer currently working on Blue Back Square in West Hartford.

Retail sales in the Northeast have trended upward since late 2002, with a leveling-off trend since 2004 according to the ICSC. National retail sales results by type of store indicate that warehouse clubs and superstores and general merchandisers (other than department stores) continue to outperform the market. Also performing strongly are building materials and garden equipment/supplies dealers and nonstore retailers. In the midrange of performance have been clothing and clothing accessory stores, furniture and home furnishings, electronics and appliance stores, health and personal care, food service and drinking places and pharmacies. Least robust have been department stores, office supply, motor vehicle and parts, sporting goods and leisure-oriented stores.

Finard further notes that both nationally and regionally, retail expansion has moderated dramatically from the surge of the mid to late 1990s, due in part to consumer malaise, overbuilding, and even e-commerce. With respect to vulnerable retail types, owners cited big boxes and power centers as most saturated while apparel, computer, discounters, drugstores, home improvement, bookstores, office supplies, department stores, electronics and groceries as the most over-supplied.

Dramatic shifts within retail corridors and centers have occurred in the region with Manchester, Farmington growing significantly over the last ten years, West Hartford and

South Windsor more recently, while Bloomfield, Newington and Hartford losing ground. Nearly 1 million square feet was added to the region in 1999, primarily through expansion of existing centers. This dropped to 475,000 square feet in 2002, with 25% attributed to one store. Manchester contributed 19% to overall supply with recent additions on Hale Rd and Tolland Turnpike. Despite this addition, vacancy for retail space has risen from 10.4% in 2002 to 11.3% in 2003 due to a combination of retail restructuring and moderating demand.

Retail Market Considerations

The retail real estate market is increasingly driven by national and international corporations. In this respect it differs significantly from the markets for industrial and office space, which tend to be driven by local or regional companies. On the supply side the comings and goings of retail chain operations are largely a product of corporate strategy for competitive advantage and market share. Increasingly competitive location is a proven destination-shopping district with strong anchors. In Manchester, this has largely centered along the I-84 corridor, boosted in large part by the development of Buckland Mall. Notably, this trend of clustering or co-location of retail in regional and super regional centers or corridors has been a driving force in the region often leaving vacancies along older retail corridor, as viable businesses and chains close down unprofitable stores.

On the demand side, the Connecticut market is viewed somewhat differently than much of the rest of the nation. Population growth is not what primarily attracts retailers in this case – it is the high level of disposable income, especially in Fairfield County. Household formation and growth is also important, but the state's household growth rate is slower than in many other parts of the country. Only the attraction of marketing to high income consumers can readily explain why Connecticut's per capita sales/SF continues to grow at a level that currently outpaces the rest of the nation by 43%, as shown below. But even some of Connecticut's most active developers wonder how much more retail the state's high income households can absorb. Some of the volatility in retail is explained by the intense competition for sales in a close to saturated marketplace.

Exhibit 1

Retail Sales/Capita

	1995 SF/Capita	2004 SF/Capita
US ratio	$18.91	$20.32
CT ratio	$26.95	$28.88

Source: NRB Shopping Data

Retail Demographics - Demand

Population and Households

Retailers are attracted to areas where population density and growth can sustain their entry to the market. Estimates for 2005 indicate that in all three market areas population and household growth have occurred in the last five years and is expected to continue through 2010. In the case of the 10 mile radius, this represents a reversal of the past decade where population declined by 1.1% and household growth was flat due mainly to losses in Hartford and East Hartford. This is in contrast to a projected 4.5% gain in population between 2000 and 2010. Notably, bigger gains in population are observed as the market area branches out to the 15 and 20 mile radii into the more suburban and exurban communities of the trade area, particularly to the east.

The household formation picture is also brighter. Households are expected to increase 2.8% in the ten mile ring and 3.5% or more farther out between 2005 and 2010, which favors retailers in home-related categories. However, households continue to get smaller and older, which does not favor many other retail categories. Family household growth has been flat or slightly diminishing throughout the three areas in the 90s but is expected register moderate growth through 2010.

Exhibit 2

Hartford Regional Demographics

Attribute	10-mile	15-mile	20-mile
Population			
1990 Total Population	555,032	842,054	1,116,294
2000 Total Population	548,940	845,200	1,133,646
2000 Group Quarters	18,592	24,518	35,842
2005 Total Population	559,864	868,490	1,166,242
2010 Total Population	573,626	893,197	1,201,072
1990-2000 % Change	-1.09%	0.37%	1.55%
2000-2005 % Change	1.99%	2.75%	2.87%
2005 - 2010 Annual Rate	0.49%	0.56%	0.59%
Households			
1990 Households	214,429	323,815	424,593
2000 Households	216,507	334,712	443,178
2005 Households	222,576	346,473	459,660
2010 Households	229,277	358,615	476,452
1990-2000 % Change	0.96%	3.36%	4.30%
2000-2005 % Change	2.80%	3.51%	3.71%
2005 - 2010 Annual Rate	0.6%	0.69%	0.72%
Families			
1990 Families	141,726	219,804	294,759
2000 Families	138,529	217,945	294,919
2005 Families	141,097	223,618	303,472
2010 Families	142,973	227,781	309,868
1990-2000 % Change	-2.25%	-0.85%	0.05%
1990-2000 % Change	1.85%	2.60%	2.90%
2005 - 2010 Annual Rate	0.26%	0.37%	0.42%

Source: US Census, ESRI

Consumer Characteristics & Profile

Information concerning the trade areas was obtained on income characteristics and market segments providing insight into consumer preferences and purchase capacity. With respect to wealth the three areas are relatively uniform with moderately high incomes, with 2005 median household income lowest in the 10 mile center at $53,500, with higher incomes of $59,000 to $60,700 in the larger trade areas. This compares to median statewide income of $63,400. Income distribution clusters somewhat in the $50,000 to $75,000 middle income range for all three areas, but all income groups are fairly well represented up to the $125,000 level.

Based on a consumer segmentation analysis of the market area (source: ESRI), "Main Street" residents command the top market segment in each of the three trade areas. This resident profile consists largely of growing families, young in age (median -36 years), middle income, and owners of older homes. Other dominant segments include "Prosperous Empty Nesters" (well educated, experienced, median incomes over $65,000) and "Cozy and Comfortable" (families nearing retirement, homeowners in suburban communities, with respectable net worths). Prosperous empty nesters tend towards more active lifestyle, travel and entertainment while the cozy and comfortable are more content with home improvement projects and high definition TV.

Despite similarities among the tree trade areas, a number of important market differences are noted beginning with a more urbanized, younger, and ethnically diverse profile ("City Dimensions" and "In Style" Segment) linked with the 10 mile market area reflecting the greater influence of Harford, East Hartford and West Hartford on this market area. Meanwhile, to no surprise, exurbanites (affluent resident households, older, professionally employed, big on leisure, restaurants and physical activities – golf, boating, hiking) grow in prominence as the trade area expands to the 15 to 20 mile radius.

Exhibit 3

HARTFORD AREA CONSUMER PROFILE

Market Area – 10 mile radius

Market Segments		Demographic Summary	2005	2010
Main Street USA	8.9%	Population	559,864	573,626
Prosperous Empty Nesters	8.2%	Households	222,576	229,277
Cozy & Comfortable	7.6%	Families	141,097	142,973
City Dimensions	7.4%	Median Age	38.3	39.6
In Style	5.7%	Median Household Income	$53,482	$62,274

Market Area – 15 mile radius

Market Segments		Demographic Summary	2005	2010
Main Street USA	11.4%	Population	868,490	893,197
Cozy & Comfortable	10.1%	Households	346,473	358,615
In Style	7.6%	Families	223,618	227,781
Prosperous Empty Nesters	6.2%	Median Age	39.2	40.5
Exurbanites	6.2%	Median Household Income	$58,932	$68,145

Market Area –20 mile radius

Market Segments		Demographic Summary	2005	2010
Main Street USA	13.6%	Population	1,166,242	1,201,072
Cozy & Comfortable	11.3%	Households	459,660	476,452
Exurbanites	8.6%	Families	303,472	309,868
In Style	7.0%	Median Age	39.1	40.5
Prosperous Empty Nesters	5.3%	Median Household Income	$60,785	$70,307

Source: ESRI

Consumer Spending Patterns

In order to understand where demand for goods and services may come from, we have reviewed spending profile data, based on the Consumer Expenditure Survey as represented in the following table. This information, which is based on consumer expenditure diaries, is presented by category of purchase and then compared to spending patterns for that item at the national level. Areas of expenditure where more is spent than the national average are indicated by an index figure of greater than 100. In this way, local spending can be compared to national norms to show in what consumer areas the local market spends above or below the national average.

A review of this data indicates that households' living within the 10 mile radius from the center of the Rentschler Development report spending that is generally at levels consistent with the national norms, and not particularly strong in any given category. One area of weakness is found with apparel and services particularly with lowest expenditures noted for footware and women's apparel (¾ to ½ the US average).

The expenditure picture on a per household basis becomes much stronger in the 15 to 20 mile radius on a sub-category basis. Once again apparel and services is below US average. However, areas of potential retail strength can found in numerous sub-categories that include specialty retail (Watches and Jewelry), Entertainment Admission (movie, theatre, performing arts), Food Away from Home, Alcoholic Beverages, Furniture and Floor Coverings, Financial Services. The data regarding entertainment and food away from home is of particular relevance to uses targeted for Rentschler development as households typically drive further distances for such goods and services than those that fall into daily living and convenience category.

Exhibit 4
HARTFORD REGION CONSUMER SPENDING PATTERNS

Select Retail Expenditure Category	Spending Potential Index- 10 Mile	Spending Potential Index- 15 Mile	Spending Potential Index- 20 Mile
Apparel & Services	84	87	87
Entertainment & Recreation	108	115	115
TV/Video/Sound Equipment	110	115	115
FOOD	111	116	115
Food at Home	111	115	114
Food Away from Home	112	117	117
HH Furnishings & Equipment	111	118	119
Financial Services/Investments	123	133	134
Retail Goods	102	108	108

Source: ESRI

Data Note: The Spending Potential Index is household based and represents the amount spent for a product or service relative to a national average of 100.

Hartford Area Overview – Retail Supply

The Finard & Company is one of the Northeast's leading retail real estate companies and maintains a regional office in Hartford area. Finard surveys market conditions and most recently reported its findings in 2003. The Greater Hartford 2003 Retail Report encompasses 26 towns and cities, a total of 835 square miles and 782,000 people (2003). It surveys all retail and mixed use properties where retail uses predominate.

Market Size

According to Finard, the *total* greater Hartford market size (inclusive of retail outside of centers) is estimated at just over 36 million square feet, up 2 million square feet from 1999. One gauge of retail saturation is the ratio of total area square footage to population. A national measure, which only includes retail space in shopping centers, yields 20 square feet per capita. Finard's calculation yields 46 square feet per capita for **all** retail stores. However, when stores less than 5,000 square feet are excluded the ratio drops to 28 square feet per person, which continues to be high but more comparable to the national figure.

Finard reports that a dramatic shift in retail corridors has occurred over the past decade, with Manchester, Farmington and West Hartford having grown significantly while older established corridors in Bloomfield and Newington have lost ground. A total of 2 million square feet of new retail space was added between 1999 through the fourth quarter of 2003, a 5.8% increase, despite a period in which the economy was in a slump. For the most part, the additional space represented expansion of existing centers. Only recently, have a number of new centers come on line (to be covered later under new retail developments).

Small stores dominate the local marketplace, with stores less than 5,000 square feet comprising 88.4% of all stores and 38.4% of the aggregate store area. The average retail property is also modest, at 8,040 square feet per property and 3,974 per average store, big boxes not withstanding.

The towns of Manchester, Enfield, Hartford, West Hartford, and Newington continue to dominate retail activity in the region encompassing 45.9% of all retail space in the region, with Manchester alone accounting for over 5.8 million square feet, of which 1.7 million square feet was added after the opening of Buckland Hills Mall in 1990.

Vacancy and absorption

With an improved economy retail vacancy in the Hartford region has dropped from a high of 14% in 2000 to an estimated 10 to 11% according to Finard report for 2003. Discussions with Finard indicate vacancy may have dropped a point since the last survey. However, retail restructuring continues to impact the area with the region contending with big box vacancies driven by bankruptcies, liquidations and closing that included Caldor, Lechmere, The Wiz, Bradlees, Service Merchandise, BJ's, Ames and Kmart.

Collectively these retailers returned 2.4 million square feet to market over the past 4 years. In recent years, the market has stabilized to some degree as large blocks of previously vacant space have been absorbed by newer or expanding retailers into the region that include Wal-Mart, Kohls, Bed, Bath & Beyond, Best Buy, and Filenes. Meanwhile, Curves for Women and Family Dollar Stores have filled out the smaller spaces.

The Southwest regional submarket which consists of Wethersfield, Berlin, Newington and New Britain had the highest vacancy at 13.6%, followed by the Southeast at 13.0%, the Northeast at 9.6% and Northwest at7.5%. The City of Hartford had 15.7%. With the exception of the Northeast, all vacancy levels were higher than previous year, although an improvement over early 2000.

Retail Tenancy

The greater Hartford retail market is well diversified. The largest aggregation of tenants is in the service and FIRE group, with 15.5%, followed by miscellaneous retail 12.1% (liquor, sporting goods, bookstores, jewelry, florists, newsstands, optical, etc); then general merchandise, 11.9% (discount and variety stores), food, 10.7%; eating and drinking establishments 10.7%; furniture and home furnishing 7.9%; apparel & accessory stores 5.2%; and finally drug and proprietary stores 2.2%. Retail establishments are beginning to grow in number after a period of decline or flat growth between 1999 and 2003.

As can be seen in the table below, the market is largely composed of small stores of less than 5,000 square feet. Data includes all space currently or most recently used in selling or renting retail goods and/or services to the public. Excluded are auto dealerships, gas stations, auto repair shops and quasi-retail services such as stock brokers, real estate agents, insurance agents, etc., unless located in shopping centers containing typical retail tenants. In other words, stand alone offices and business to business or other wholesale services are excluded. Also of note is the higher vacancy levels associated with larger format stores in the 50,000 to 100,000 square foot range.

Exhibit 5
Market Composition by All Store Size and Vacancy Rates - 2003

Size in Square feet	Aggregate Square feet	Percent	Vacancy in Square feet	Vacancy Percent
Less than 5,000	13,835,752	38.4%	1,341,971	9.7%
5,000 – 9,999	4,215,276	11.7%	417,312	9.9%
10,000 – 24,999	4,791,724	13.3%	546,257	11.4%
25,000 – 49,999	3,422,660	9.5%	311,462	9.1%
50,000 – 99,999	5,332,144	14.8%	1,210,397	22.7%
100,000-199,000	4,215,276	11.7%	219,194	5.2%
200,000+	216,168	0.6%		0.0%
Total Market	***36,028,752***	***100.0%***	***4,046,593***	***13.4%***

Source: Finard & Company 2003 Retail Report

Retail Center Types

Using data from National Research Bureau Shopping Center Database an analysis by retail center type and age is provided below for the region. The market area encompasses the Hartford CBSA (formerly MSA), which is somewhat larger than the area surveyed by Finard. However, NRB only captures data on retail centers as opposed to the broader retail market covered by Finard & Company.

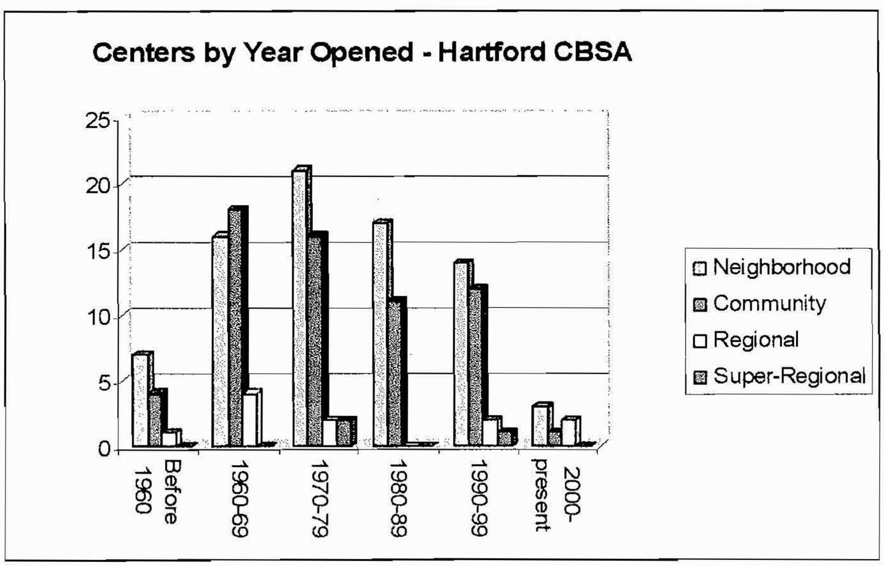
As can be seen from the chart, neighborhood centers comprise much of the overall market with a 60% share of property type. Meanwhile, three super-regional centers exist in the region: WestFarms (West Hartford/Farmington), The Shoppes at Buckland Hills (Manchester) and Westfield Enfield (Enfield). Together they account for 13.5% of the total Gross Leasable Area (GLA) in the market.

Exhibit 6
Shopping Center Type – Hartford CBSA

Center Type	#	GLA	Encl	GLA/Encl	# Strip	GLA Strip
Unknown	10	N/A	0	N/A	7	N/A
Neighborhood	136	5,044,483	5	327000	125	4538483
Community	62	10,652,699	1	228000	60	10154699
Regional	12	4,523,082	1	340000	11	4183082
Super Regional	3	3,147,231	3	3147231	0	0
Total	**223**	**23,367,495**	**10**	**4,042,231**	**20**	**18,876,264**

Source: NRB Shopping Center Database

The proliferation of Neighborhood Centers reached its peak in the 1970s and has since waned as consumer preference and needs shifted to larger format stores. The total number of retail centers has also dropped since the 1970s with retail openings in the current decade tracking under 50% the total of the 1990s.



Source: NRC Shopping Center Database

Proposed Retail Developments

Much of the retail growth in the nation and region is associated with stand alone big box developments that includes Targets, Lowes, Home Depots, and Wal Marts. However, within the region there are a number of multi-tenanted retail developments in various stages of planning and development. In total, if completed as planned, the additional retail would amount to over 900,000 thousand square feet.

The closest to completion is Hartford 21in downtown Hartford representing a mix-use development of 262-units in a 36-story tower and retail, entertainment, office and fitness facilities. The project is being developed by Northland Investment Corporation which owns several downtown office buildings and is also slated to develop YMCA site into 300 units of housing. In the West Hartford Center, Blue Back Square is now under construction representing a mixed-used development containing 230,000 square feet of retail, 175,000 square feet of professional and medical office space, and 120 units. Recent pre-leasing has included Crate & Barrel, REI and Whole Foods. Meanwhile, Phase II of Evergreen Walk, a lifestyle open-air retail center in South Windsor, is moving forward with 90,000 square feet of retail and 376 units of rental housing. Phase I of Evergreen Walk opened in October 2004 consisting of 250,000 square feet of retail.

In downtown Hartford, Front Street is one of four redevelopment components targeted for the 30-acre Adriaen's Landing site that now includes the Connecticut Convention Center and the new Marriott Hotel. Elements of the plan are still undefined and under discussion following selection of H.B. Nitkin Group, out of Greenwich, CT as the third developer for the site after two earlier attempts in working with developers proved unsuccessful. Also in concept stage is a proposal by Winstaley Enterprises for development of a 40-acre site in the North Meadows neighborhood off I-91. Although considerable retail interest has reportedly been expressed for the site, exact plans are unspecific and ultimately tied to moving Edart Leasing, which occupies a portion of the site, to an alternative location.

Exhibit7

PROPOSED RETAIL DEVELOPMENTS

Project Name	Town	Developer	Size - Sf	Status	Expected Date Open
Evergreen Walk – Phase II	S. Windsor	Poag & McEwen	90,000	Final Planning	2007
Blue Back Square	W. Hartford	BBS, LLC	230,000	UC	2007
Front Street	Hartford	H.B. Nitkin Group	150,000	Concept Stage	TBD
North Meadows	Hartford	Winstanley Enterprises	375,000	Concept Stage	TBD
Hartford 21	Hartford	Northland Investment Corp.	70,000	UC	2006
Total			**915,000**		

Source: Planning & Zoning, CCEDA, AMS

Retail Sales Data and Projections – Hartford CBSA

As a metro market area, Hartford CBSA (Core Base Statistical Area) generally ranks fairly high when compared to other national markets as a desirable place for retail operations. According to Sales & Marketing Management's annual ***Survey of Buying Power 2003***, a publication widely consulted as the reference guide to American purchasing influence, Hartford CBSA ranked 28th out of 317 metro markets analyzed in terms of median effective buying income, or disposable income. This represented a considerable drop from its 9th place rating in 2000, but still higher than Chicago or Dallas. Thus, despite its small market size (52st in total households) it is attractive and lucrative to retailers.

Number two in the nation in median effective buying income ranking is Fairfield County, which continues to be the Connecticut location of first choice to most retailers. Fairfield County is a smaller market than Hartford, ranking at 67th behind Hartford at 52nd . In terms of total retail sales, however, the two areas reversed in rating with Fairfield County ranked at 47th with $17.6 billion in sales and Hartford at 54th with $14.8 billion in sales. A comparison of sales trends and buying power within the Hartford MSA and Fairfield County is summarized below.

Exhibit 8

Hartford CBSA & Fairfield County-Cities

2003	**Hartford CBSA**		**Bridgeport-Stamford-Norwalk-Danbury**	
	(000)	*Rank*	*(000)*	*Rank*
Population	1,173.3	52	903.9	67
Total Retail Sales	$14,888,752	54	$17,612,450	47
Total EBI	$25,859,263	51	$28,445,830	45
Food & Beverage	$2,168,956		$2,748,099	
Food Service & Drinking	$1,563,300	49	$1,304,032	59
General Merchandise	$1,291,991		$886,903	
Furniture, Home Furnishings, & Appliances	$849,864		$1,239,074	
Motor Vehicles & Parts	$3,678,965		$3,405,386	
Buying Power				
HH with EBI $150,000+	9.4	53	29.2	18
Median Household EBI	$45,811	28	$56,020	2
Buying Power Index*	.4427	52	.4704	49

Source: Sales & Marketing Management – 2003 Survey of Buying Power

* Buying Power Index – weighted index that converts population, EBI, and retail sales into measurement of market's ability to buy expressed as % of the national total. Chicago ranked number 1 with 3.15, while the lowest was Enid MSA with 0.0182. Both Hartford and Fairfield County ranked in top 15% in the country.

Projected retail sales for Hartford MSA 2003 to 2008 anticipates an 8.3% increase in retail spending. This increase is below other areas of the state which are are expected to increase retail sales at faster rates (17.8% in Fairfield County, 14.5% in the New Haven region and 11.1% in New London County, for example). However, the size of the market with over 460,000 households in Hartford CBSA will continue to appeal to major retailers for new or expanded operations. For the moment this growth is occurring, for the most part, in close proximity to the established regional/super regionals in West Hartford and Manchester.

Retail Leakage/Surplus (Gap) Analysis

In order to evaluate the retail support in the Hartford region and specifically for the Rentschler Field site, we have undertaken two separate analyses.

The first analyzes data on estimated retail sales versus potential demand in the market area with markets defined within a 10, 15 and 20 mile radius of the Rentschler project.

Based on this analysis, there is evidence of retail saturation within the 10 to 15 mile radius. This is most accentuated in the 10- mile radius with 3,456 business reporting retail sales of $6.6 billion. Many of these businesses are located in 8 major retail centers totaling 6 million square feet including two of the largest malls in the state: WestFarms with 1.3 million sf and Buckland Hills at 1.1 million sf, and more recently, the 250,000 square foot Evergreen Walk in South Windsor (projected for 350,000 square feet). Meanwhile, total retail demand for the 10 mile area is estimated to be $5.6 billion in annual spending. Similarly, the 15 mile market shows retail supply exceeding local demand although the gap has narrowed somewhat. Not until the market is extended to the 20 mile radius are there indications of unmet demand, although the spread between unmet supply and demand is determined relatively thin.

All three markets, however, reflect unmet demand for Food and Drink indicating leakage of dollars that could be absorbed locally within the Rentschler Development. Biggest potential source of demand is found in full-service restaurants followed by food services and drinking places. Combined, the gap represents close to $1 billion in the 20 mile radius. Substantial dollar leakage is also noted for Specialty Food services and stores with a $31 million gap in unmet demand in the larger 20 mile market.

Other sources leakage in the subcategory level at the 10 to 20 mile radius include Automobiles, parts and services, furniture and furnishings (15 to 20 miles), building materials, lawn and garden supplies, book-music stores, and miscellaneous retail.

A summary of this information is presented on the following page.

Exhibit 9

Retail Gap Analysis –Radius Analysis (10 mile, 15 mile, 20 mile)- 2005

Industry Summary	Supply (Retail Sales)	Demand (Retail Potential)	Leakage/ Surplus Factor[2] 100= total leakage	Number of Retail & Food-Drink Businesses	Number of Households (2005)	Average Spending HH	Median Disposable Income (2005)	Median Household Income (2005)
	($000)	$(000)						
10 mile –					**222,576**		**$45,459**	**$53,482**
Total Retail Trade and Food & Drink	$7,526,554	$6,664,603	-6.1	4,698		$29,943		
Total Retail Trade	$6,633,151	$5,641,292	-8.1	3,456		$25,345		
Total Food & Drink	$893,402	$1,023,310	6.8	1,242		$4,597		
15 mile					**346,473**		**$50,092**	**$58,932**
Total Retail Trade and Food & Drink	$11,395,579	$10,938,237	-2.0	7,118		$31,570		
Total Retail Trade	$10,063,432	$9,263,862	-4.1	5,233		$26,737		
Total Food & Drink	$1,332,147	$1,674,375	11.4	1,885		$4,832		
20 Mile					**459,660**		**$51,667**	**$60,785**
Total Retail Trade and Food & Drink	$13,996,339	$14,538,578	1.9	9,101		$31,629		
Total Retail Trade	$12,304,238	$12,316,271	0.1	6,697		$26,794		
Total Food & Drink	$1,692,101	$2,222,306	13.5	2,404		$4,835		

Source: ESRI Business Information Solutions

[2] **Data Note**: Supply estimates sales to consumers by establishments. Sales to businesses are excluded. Demand represents the expected amount spent by consumers at retail establishments. The Leakage/Surplus Factor is a measure of consumer demand relative to supply, ranging from100 (total leakage) to -100 (total surplus).

Retail Analysis Based on Sales Per Square Foot

In order to further understand retail capacity in the region we undertook a second analysis that focused on average annual household expenditures based on the Census of Retail Trade for merchandise and goods within the 20 mile radius and typical per square foot sales at select stores according to International Council of Shopping Centers, a leader in retail analysis and data. As noted earlier, the 20 mile radius represents in our opinion the primary market for the type of retail targeted for Rentschler exclusive of Cabella's.

Goods and services were organized into two categories: one in which the market is expected to consume 80% of its annual expenditures within the 20 mile radius and is typically associated with convenience or day to day needs. The second category of goods aimed at more discretionary expenditures in which the market area is expected capture 65% of all such sales with the balance purchased outside the region or through e-commerce.

Like the earlier Retail Gap Analysis, the results of this supply-demand analysis portrays a similar tight spread between existing supply and estimated unmet demand suggesting current equilibrium with little capacity for additional retail without major growth in population and or income . This is based on estimated market capacity of approximately 27.3 million square feet of retail in the 20 mile radius as compared to identified existing retail in retail centers plus new proposed retail (exclusive of Rentschler) equaling 27.1 million square feet. The difference between potential demand and existing supply plus proposed retail translates to a relatively small level of unmet demand of 220,000 square feet.

A number of factors could improve the environment for retail. The projected timeline for Rentschler retail (outside of Cabella's) is longer term affording some opportunity for demand to rebuild assuming no appreciable retail growth elsewhere in the region other than what is currently proposed. However, little help is expected from population growth, which is projected to be modest through the end of the decade putting greater pressure on expansions in income and wealth to boost demand.

Alternatively, Rentschler's conventional retail could attempt to significantly expand their potential market draw through different configuration or mix beyond the 20 mile radius thereby dipping into a far larger if not broader retail base. Cabella's is an example of this strategy representing a retail experience bordering on a tourist event capable of pulling visitors and customers from 100 miles or more. However, for the more mainstream retail and dining planned for the site, even that which is targeted as more entertaining in nature, this strategy could be problematic lacking the support of on-going attractions and strong tourism tradition in the area even in combination with Cabella's. Even Fanieul Hall/Quincy Market and adjoining area has only 400,000 square feet of retail in support of 18 million visitors a year. As such a more conservative market area would seem warranted and the implied constraints on market penetration would likely apply as well as noted above.

The results of the analysis are presented on the following page.

Exhibit 10

Analysis of Retail Center Support - 20 Mile Radius

At 80%	Retail $/sf	20 mile 'early Expend.	20 mile Aggragate HH Exp	20 mile exp at 80%	20 mile - SF Support
Grocery	524	5421	;2,492,139,067	$1,993,711,254	3,804,792
Specialty Food Stores	390	149	$68,447,522	$54,758,018	140,405
Eating & Drinking	476	4835	;2,222,306,888	$1,777,845,510	3,734,970
Liquor	240	666	$305,977,479	$244,781,983	1,019,925
Health & Personal Services Care	338	1591	$731,480,340	$585,184,272	1,731,314
Household Goods, Garden sup	229	1434	$659,249,347	$527,399,478	2,303,054
Pharmacy/Personal Care	453	1591	$731,480,340	$585,184,272	1,291,798
Auto Goods & Accec.	152	518	$238,276,599	$190,621,279	1,254,087
General Merchandise	225	2688	;1,235,542,974	$988,434,379	4,393,042
					19,673,388

At 65%					
Apparel	310	1202	552647375	$359,220,794	1,158,777
Furniture/Home Furnishings	321	1680	772203538	$501,932,300	1,563,652
Computer & Electronics	362	898	412710694	$268,261,951	741,055
Home Entertainment/	382	756	347727341	$226,022,772	591,683
Office sup. & Gift	290	270	124111682	$80,672,593	278,181
Home, Lawn & Garden Supplies	350	1655	760781066	$494,507,693	1,412,879
Sports, Hobbies, Music	250	576	264660456	$172,029,296	688,117
Miscl Retailers	237	912	419292658	$272,540,228	1,149,959
Other	281	1192	548006950	$356,204,518	1,267,632
					7,584,303

;Source: US Census of Retail Trade
International Council
of Shopping Centers

Supportable ₹etail In 20 mile radius	27,257,691
Existing retail within 20 mile radius:	26,132,495
ᵖlus proposed	905,000
	27,037,495
Excess Demand or Supply	220,196

Summary of Retail Market Analysis

- Overall retail sales in the Northeast have been trending upward since 2002 but have leveled off since 2004. Retail expansion has also moderated in comparison to mid to late 1990s due to plateauing of consumer expenditure, slow population and income growth, development resistance, pockets of retail saturation and even the impacts of e-commerce.

- Connecticut retail market is viewed differently than much of the nation. Population growth is not what attracts retailers but the state's high level of disposable income. According to NRB Shopping Research, the US ratio of retail square feet in shopping centers per capita is 20.2 sf/person while Connecticut supports 29 sf/ per capita within shopping centers according. Notably, retail center supply in the Hartford region supply (as defined as Core Based Statistical Area or equivalent to MSA) is more reflective of the lower national average with 20.4 square feet per capita.

- Dramatic shifts within retail corridors and centers have taken place in the region with Manchester and Farmington growing significantly in the last ten years, with West Hartford and South Windsor more recently, while Bloomington, Newington and Hartford have lost ground. One million square feet of net retail space was added to the Hartford market in 1999, which dropped to 475,000 square feet in 2002 and picked up again in 2003 and 2004 with the addition of two lifestyle centers: The Shoppes in Canton (425,000 sf) and Evergreen Walk in South Windsor(285,000 square feet).

- Population density is considerable for the area with 559,864 people within a 10 mile radius of the Rentschler site up to 1.2 million in the 20 mile radius or over 1/3 the population of the state. Population base is expected to grow at modest rate through 2010 ranging from 0.4% in the 10 mile trade market area to 0.57% a year in the 20 mile radius. While not significant, recent population growth is a reversal of the negative to flat growth of the past decade.

- Although lower than the state median of $63,400, Hartford region's income base, which impacts directly on purchase capacity, is relatively high ranging from a median income of $53,500 in the 10 mile radius to $60,700 in the larger 20-mile trade area.

- Expenditure patterns in the market area are strongest in the broader 15 to 20 mile trade areas, but all three trade areas report levels of expenditure that exceed the country for most spending categories with exception of apparel and services.

- According to Finard & Company, a recognized expert in retail trend in the New England, the Hartford region contains a total of 36.1 million square feet of retail space as of 2003 (inclusive of space outside of centers), translating to 46 square feet per capita. When focusing on just retail centers, Hartford region CBSA (equivalent to MSA) contains 223 centers totaling over 27.2 million square feet which translates to 22.9 square feet per capita.

- A total of 915,000 square feet of new retail center space is proposed for the area which would increase total retail in the region (as related to centers) by 4%. Notably, however, all of the proposed retail falls within the 10 mile radius trade area where an estimated 10.8 million square of center space already exists. If developed as planned, the increase in supply would result in an 8.4% jump in inventory for the 10 mile radius but still within the acceptable per capita retail base of 21.3 square feet per person as it relates to retail centers, but considerably higher if all retail is considered per Finard & Company as noted above.

- Based on the Survey of Buying Power, a publication consulted as a reference guide to purchasing influence, total effective buying income, representing disposable income, in the Hartford region (CBSA) ranked 51 out of 317 metro markets in the nation making the area appealing and lucrative to many retailers. This comparative rating is even higher in terms of Median Household EBI with a ranking of 28 or the top 9% of the nation. It should be noted, however, that Hartford has experienced some slippage in this ranking from 2000 when it held 9th place.

Retail Market Implications for Rentschler Field

2,012,000 sf of retail space (including Cabella's), 101,000 sf entertainment & dining

- Although retail supply data for the region appears to be somewhat in balance with national indexes on per capita basis when focusing only on retail centers, inclusion of all retail as undertaken by Finard & Company, suggests a much higher per capita rate exists in region. Moreover, an analysis of retail leakage vs supply points to potential overstored environment when all retail is considered. This is particularly the case within the 10 to 15 mile radius where retail supply and Food and Drink in terms of sales exceed retail potential sales by over $1 billion. However, within the broader 20 mile radius, a modest retail gap suggesting leakage of retail dollars outside the market is indicated with much of this linked to Food and Drink retail dollars where an estimated $31 million gap is estimated.

- An additional litmus test was undertaken of the region's capacity to absorb retail (within 20 mile radius of Rentschler) based on store performance and household expenditure patterns and assumptions on market share. This analysis further confirms that a state of relative equilibrium presently exists between retail demand and supply (including recently proposed retail) in this market area (again when only considering retail centers). With prospects of slow population growth and modest income growth, the capacity to absorb the planned 1.6 million square feet (over and above the Cabella's Super Store) could be strained even with Cabella's draw, lacking any other tourist attractions and amenities at the site capable of pulling visitors from a broader New England market, as opposed to Connecticut. Exacerbating the ability to absorb is the presence of two superregional malls in the immediate area that are also competing for the same retail dollars in this broader market.

- Areas with the greatest ability to attract retail development at present are suburbs east and west of Hartford with Rentschler well located to capture this growth. In the case of eastern Hartford retail market, its strength is primarily in South Windsor and Manchester with some spill-over potential for Rentschler in light of trend for clustering and or co-location of retail that has been a driving force in the region and state.

- Some retail spill-over can also be expected from Cabella's SuperStore which bills itself as a shopping, entertainment and education destination. In Kansas City, the Cabella's store ranks as the state's top attraction drawing millions of visitors a year. On a less grander scale, events and games associated with the Rentschler Football stadium and other entertainment venues are also expected to enhance retail and dining market opportunities for the site.

- Longer term, retail stability and growth is expected to favor expansion east of the river indicative of the shift in population base that is occurring in the Hartford region to this area where population is growing at an annual rate of 0.72% a year versus 0.5% a year west of the river.

- A level of retail synergy is expected on-site from the combination of planned uses for the property that include housing, technology-research park, hotel and sports-related uses, providing in some cases a level of support for some community-based retail as opposed to destination retail. Rentschler retail success (outside of Cabella's), however, will depend on ability to draw from a 10 to 20 mile trade area with particular focus on markets located east and north of Hartford off I-84 and I-91. Competitive pressures are expected to be intense in the 0 to 10 mile trade area where over 11 million square feet in retail centers currently exist and another 900,000 square feet is in planned or concept stage.

- Easy highway access, including proximity to the strategic crossroad of I-91 and I-84, plus visibility are major assets for proposed retail development of Rentschler. Moreover, Cabella's commitment to the site helps temper the "pioneer" aspects of an unproven East Hartford location typically avoided by retail chains and tenants.

Based on analysis of retail supply and demand within a 20 mile radius of Rentschler, representing an area nearly 1/3 the population of Connecticut, the data points to a relatively balanced market that could inhibit capacity to absorb an additional 1.6 million square feet as planned (exclusive of Cabella's).[3] *A number of factors could improve the environment for proposed retail. As noted earlier the long timeline and delayed phasing of the Rentschler retail (outside of Cabella's) provides opportunity for demand to rebuild assuming growth in retail is relatively contained. However, little help is expected from population growth, which is projected to be modest through the end of the decade. This puts greater pressure on expansions in income and wealth to boost demand or vastly expanding the market area via tourist related retail and entertainment that is yet to be determined. With regards to the former, income is expected to rise at an annual rate of 3% but cracks in spending are already beginning to be felt with big jumps in energy costs and slowdowns in housing market and thus perceived wealth. Meanwhile, one can only speculate on the ability to follow-up on Cabella's success to attract and build, at the scale proposed, a substantially different type of retail and entertainment center from what is presently offered in the region with a market base that is far reaching, if not multi-state. Based on the research, stretching the market to such a degree would clearly be a requirement for success and one with few precedents in the area outside of casinos and regional outlet malls. In any event, substantial market penetration at the local level (10 to 20 mile) will also be important and require tapping into existing overlapping customer bases of the two largest malls in the region: WestFarms (Farmington) and Shoppes at Buckland Hills (Manchester)as well as newly developed Evergreen Walk (South Windsor) and the soon to be developed Blue Back Square (West Hartford).*

[3] It is noted that the 10 to 15 mile markets, however, are presently showing signs of being overstored.

Greater Hartford Office Market Assessment

National Office Market Overview

For the three and half years ending in January 2005, the regional and national office sector has been essentially dormant, suffering first from the recession of 2001-2 precipitated by the after affects of the internet bubble and 9-11, and more recently, by the sluggish recovery and uneven job growth that followed. Along with lack of jobs, demand was impacted by productivity gains, industry consolidations, geo-political instability, and even rising energy costs. The only bright spot in the marketplace was the exceptional institutional investment appetite in office property, as an alternative to sagging gains in the equity market, which peaked at $70 billion in 2004 nationwide, or almost double the preceding year's total of $46 million.

Recent data, however, provide signs of an improving environment for the office market that could last well into 2007. Despite leasing activity that was slow and protracted since the recession, a combination of factors have helped chip away at office vacancy rates in the last year. These include rising business income, growing corporate profits and expanding employment, all of which are near pre-recession levels. In addition, increasing corporate administration and sales payrolls and recent upticks in corporate spending and infrastructure improvements provide further evidence of an improved market environment for office space. Meanwhile, commercial brokers in most major markets have noted a substantial decline in sublet space which had previously inflated office supply and competed with the general office market at discounted prices.

The rise in office space demand in most markets could improve rental rates which declined slightly in the last year and but are projected to increase slightly throughout 2006. Despite the lack of any new office construction, due in large part to high vacancies and very cautious lenders, rental rates have been under competitive pressure in recent months. New construction has also been inhibited by escalating construction costs that have placed enormous pressure on the economic viability of office projects in the wake of three years of flat rents and slow lease-ups.

Rebounding employment and a steadier economy are also expected to reduce office vacancy rates in most major markets by as much as two to three percentage points in the next two years according to NAR (National Association of Realtors). The first indication of this trend was noted in 2004 where improved economic growth particularly in the later part of the year resulted in the largest net absorption of office space since 1999.

Hartford Area Office Market

Demand for office space is driven by growth in white collar jobs. In most cases this includes financial and business services, professional services and government and more recently medical services. Until early 2005, the region and nation experienced flat job growth, with the lone exception being health services, due to the internet-high tech collapse of the early 2000s, downsizing due to corporate mergers and acquisitions, and the lackluster economy that followed. Demand for office has also changed in response to ways companies manage and operate their businesses, in many cases with fewer people.

Investment in office buildings has been strong, with 2004 sales of Class A office properties surpassing forecasts. According to CB Richard Ellis in Hartford, 17 Class A office properties were sold for $204 million. That surpassed the commercial real estate services firm's prediction that 10 office buildings would be sold. The average sales price also rose to $84 a square foot, up from $80 in 2003. For 2005, CB Richard Ellis projects that there will be at least 14 Class A office sales, going for an average of $102 a square foot. There are now eight office buildings on the market in Greater Hartford.

Like national trends, Hartford region began to see signs of a stabilizing market starting in early 2005. The CT Labor Dept reports that total non-farm employment rose by 1,100 in November and added 14,400 new jobs since January 2005 – that is up1.1%, a statistically meaningful increase after so many quarters with flat or declining employment. Increases this year have been especially strong in business and professional services, and leisure and hospitality. Unemployment is also falling, and stands at just 5.1%.

Most state economists forecast that Connecticut will add another 15,000-16,000 jobs in 2006 on an average annual basis, aided by moderate growth in the US economy and hiring in many key industries such as education and health services, business and professional services, and information services. These employment gains follow several years of decline or flat growth.

Vacancy Rates

According to C.B Ellis Richards, office vacancy rates in the Greater Hartford region have dropped to 16.19% in the third quarter of 2005, from a high of 20.6% (2.2 million square feet) two years ago. The increased absorption of space in the North, East and West parts of the Greater Hartford office market accounts for most of the activity, with most of the deals for space ranging from 7,500 square feet – 30,000 square feet. Moreover, estimates of office vacancy for the Greater Hartford area point to further reduction through 2006.

Still these rates are relatively high in comparison to average national rates of 13.8% in 1st quarter 2005 and even lower rates of under10% in New York City and Long Island, and 11% in Westchester County, NY. Recent increases in vacancies have driven a 13% vacancy rate up to 18% in lower Fairfield County. According to H. Pearce & Co., New Haven is enjoying an 11% vacancy rate, while its region is at 14% vacancy. Nevertheless, positive absorption of space is being recorded and percent of available sublease space is falling. Still, with more than 4.5 million square feet of available office space in the Greater Hartford market, landlords continue to feel pressure to market and lease space that has led to flat or declining rents, or continued concessions.

Through the third quarter of 2005, renewals and extensions characterized much of the office activity in the Greater Hartford area. New leasing that did occur centered within the suburban markets, leaving the East (12.06% vacancy), North (18.81%), South (14.76%), and Western (10.17%) submarkets in better shape. The Greater Hartford office market had a net absorption of 177,973 square feet in that period, including 69,195 square feet net absorption in Hartford, a major improvement on a previous period of negative absorption within the central city.

Exhibit 11

Greater Hartford Office Market – 3rd Quarter 2005			
Submarket	**Gross Building Sf**	**Vacancy Rate 2005**	**Vacancy Rate 2004**
City of Hartford	10,225,658	19.78%*	20.33%
North Submarket	2,823,742	18.81%	24.10%
West Submarket	4,707,354	10.17%	15.01%
South Submarket	3,227,557	14.76%	15.89%
East Submarket	3,284,067	12.06%	13.78%
Total	**24,268,378**	**16.19%**	**18.12%**
source: CB Richard Ellis			

** Vacancy rate for Hartford CBD class A – 16.04%*

South Submarket :Berlin, Middletown, Cromwell, Rocky Hill & Wethersfield
West Submarket: Avon, Canton, Farmington,Simsbury, West Hartford,New Britain, Southington, Newington, Plainville, Bristol
East Submarket: East Hartford, Glastonbury, Manchester
North Submarket: Bloomfield,East Windsor, South Windsor, Windsor, Windsor Locks,Enfield,East Granby, Granby

According to John Palmieri, director of Hartford's development services department, the vacancy rates have also changed due to conversion of office buildings, especially B and C space, to residential uses. He estimates that one half million square feet of office has been converted in the past several years.

Lease Rates

Despite recent decreases in vacancy rates, and increases in employment, lease rates have been falling lately although some stability is forecasted over the near term. Average asking rent for central business district Class A space is $19.34 per square foot, down from a high of $23.23. In the region, Class A space is now averaging $18.86 per square foot, down from $22.08 in 2000. Within the desirable suburban office markets of Glastonbury, Rocky Hill and Farmington, asking rates on Class A property range from $22 to $24 per square foot, down slightly from their 2000 range of $24-$26.

Two of the most active office markets in recent years within Hartford County, and certainly the most dominant in the Hartford region, is the North submarket. In the 3rd quarter 2005, the area absorbed 102,000 square feet of office space. Farmington was also active, with 71,800 square feet leased in the quarter. According to CB Richard Ellis West Hartford's office space has a vacancy of 2.53% representing the lowest vacancy in any community in the county. East Hartford's rentable space of 1,504,994 square feet is experiencing a vacancy rate of just 10.91%.

Manchester is also reporting historically low vacancy rates within its office market with 2.9% for all classes of its admittedly small inventory of 241,728 square feet. Windsor experienced the most absorption, with a net of 97,032 square feet.

Outside of the North submarket the office market in the Hartford region, is substantially less active. Collectively, it contains 25 million square feet of space, and three quarters of the leasing activity occurred in the north suburbs.

The fundamentals of the office market are projected to continue improving, with significant activity expected in 2007, according to Marcus & Millichap Research Services. There are some projects in the pipeline that could hit in 2007, but the continued lack of new office space could drive prices up by 5.8%. The general discounting experienced in recent months is expected to disappear.

Market for High Tech-Research Office Space

Nationally, much has been written and reported of the rising wave of new technologies and applications entering the marketplace linked with the rapid advances in research and development associated with computing and high-value-added, high tech manufacturing. Connecticut has already taken a leadership position in supporting such technology advances, particularly in areas of bioscience, aerospace and information technology presenting opportunities to fulfill demand for space to house such facilities.

In 2002, high tech occupations typically associated with R&D accounted for 4.7% of all jobs in Connecticut and is expected to rise to 5.9% by 2012. Within the Hartford region, a slightly higher ratio is noted with a 5.1% share in 2002 which by 2012 is expected to grow to 5.5%. More importantly as it relates to Rentschler is the high share of high tech jobs in the region relative to the state. Presently the Hartford area has 33.6% of the state's jobs in the high tech sectors and that ratio is projected to increase to 34.5% by 2012 or a net increase of 4,460 jobs.

Employment Projections for High tech/R-D occupations 2002-2012

[illegible]	High Tech Employment 2002	High Tech Employment 2012	Employment Change	Employment Change as %
Connecticut	83,570	94,750	11,180	13.4%
Hartford Region	28,080	32,540	4,460	16%

Source: CT Department of Labor

Statewide, significant employment increases in the high tech sector are projected for computer software engineering (28%), computer and information systems managers (23%), and network systems and data communications analysts (40%). The number of engineers in Connecticut is expected to rise by up to 14%, depending on discipline. Computer scientists employed in research are expected to increase by 25%, materials scientists by 15%, and other technical, scientific and research positions are also expected to increase. Meanwhile, Connecticut's average annual growth rate in industry R&D expenditures has been increasing at more than 11% per year, according to the National Science Foundation.

Within the Hartford region the high tech and research base is more nascent than well-established in comparison to other high tech centers in the country. Nevertheless its potential to significantly expand is positively influenced by the concentration of higher education institutions in the Hartford-Springfield region dubbed the Knowledge Corridor, including some of the most prestigious colleges and universities in the nation (altogether 27, including Amherst, Wellesley and Trinity, as well as UConn and UMass, both two- and four-year institutions, enroll 110,000 students). When Yale is included at the southern end of the I-91 corridor, the potential for innovation and partnerships in university generated R&D and tech transfer is extensive.

Locally, Pratt &Whitney and the United Technology Research Center (UTRC) are driving demand for research professions and R&D activity in East Hartford. Additionally, it is noted that the Connecticut Center for Advanced Technology (CCAT) is developing a 100,000 square foot research facility at Rentschler accommodating both CCAT and other R&D firms. As of 2005, East Hartford already has 75 scientific and technical-related companies, with more expected as spin-offs from the UTRC incubator. In addition, numerous small high tech, high value-added job shop manufacturers which serve P&W are still successfully located in the community.

Other high tech, emerging industries that already have a presence in the Hartford region and the state include optics and instrumentation, photonics, laser technologies, and fuel cell technologies, all of which are engineering-driven industries and ultimately represent potential markets for the Rentschler site. In 2005, Connecticut ranked 7th in the nation on the Progressive Policy Institute's State New Economy Index. High tech jobs already account for 16% of total state employment. The State is rated highly on the index in high tech areas that include science and engineering doctorates, patents, university research and development spending, and venture capital investment.

In order to support business development of such industries in the region, the state and the Connecticut Economic Resource Center, as well as a coalition that includes Massachusetts, have undertaken a marketing program to promote the Knowledge Corridor as an R&D center of excellence. Additionally, the Regional Technology Corporation was formed in 2003 with a mission to increase the number of technology- and biotechnology-based businesses in the region. A number of other organizations in Connecticut are also marketing the state for technology and research including the Connecticut Technology Council, CURE, the Bioscience Cluster, and the Connecticut Economic Resource Center.

Evidence of the recent growth in R&D market locally can be seen in a recent lease of 21,500 square feet in Windsor by Protedyne Solutions, a company that makes robotic and automated testing systems for use in DNA testing. Other nearby communities are actively pursuing industries with strong R&D components. In Enfield, a 63-acre parcel is being promoted for R&D and light industrial uses.

Within the northeast, the major high-tech player is Boston's eastern suburbs, known collectively as Route 128, which supports an unusually broad range of high-tech industries, many of them offshoots of the numerous university research centers in the area. Route 128 is home to 2,800 high-tech companies, second only to Silicon Valley, with 3,400, according to the Competitiveness Institute. Success at Rentschler will depend in part on successfully promoting the Hartford Region as a prime location between the Route 128 Corridor and New York for high tech businesses focusing on access to educated labor, lower costs and proximity to research institutions in the Hartford region.

The Medical Office Market

The medical office market has been particularly strong in suburban communities, and represents virtually the only new office construction that is occurring in the region. One particularly active developer in the region is Casle Corp. of Avon, Connecticut has developed six new medical office buildings, and manages eight within the region, ranging from 12,000-30,000 square feet in space. A current project for Casle Corp. is the Gateway Corporate Park in Glastonbury which will eventually house a cluster of medical office buildings. They are also building a 32,000 square foot medical office building for the Hartford Hospital Health Care Center also in Glastonbury. Hartford Hospital also recently constructed a 65,000 square foot building in Avon, known as the Hartford Hospital Avon Wellness Center, which includes a 25,000 square foot fitness center.

The development of satellite medical facilities by hospitals, called "suburban access" facilities, is a trend around the state and the country.. Projects are in process in West Hartford, South Windsor, Manchester, Glastonbury, and many other suburbs. Ambrose Design Group is another medical office development specialist, with eight buildings in Greater Hartford. Growth in the medical office market also includes sports medical facilities, therapeutic fitness centers and other activities related to health.

West Hartford's Blue Back Square is slated for 199,000 square feet of office space. Much of that space will be used for a new Hartford Hospital Wellness Center, offices for medical practice groups and a HealthTrax Health facility.

Locally on Main Street in East Hartford, the First Merchant's Group is developing a 6-acre site on the corner of Connecticut Boulevard. The proposed $4.5 million, 50,000 square foot mixed-use development will become a new focal point on Main Street. First Merchants began construction of a medical office building for St Francis Hospital and Medical Center, along with a Walgreens store and a bank building.

The national trends in the medical office market are tied to the growth of an aging population, as well as the desire of medical professionals to bring their services closer to where patients and customers live. Current employment growth and longer term projections for additional workers in the healthcare sector are outpacing most other occupations. The Connecticut Department of Labor forecasts an overall 14.9% increase in the number of healthcare practitioners in the next five years. In positions related to satellite medical offices (physician's assistant 38.1%, radiation therapists 39.6%, physical therapist aides 30.8%, medical assistants 46.4%) the growth projections are even higher.

The Office Pipeline

Hartford

Only one proposal for new office space is being developed in Hartford's central business district. As part of the mixed-use Hartford 21 project calling for overall redevelopment of the Civic Center site, plans call for 106,400 square feet of commercial space in addition to 262 units of luxury rental housing. According to Annette Sanderson, executive director of the Capital City Economic Development Authority, plans for the commercial space at Hartford 21 are still being determined. The offices are presently targeted for the second and third floor of the old Civic Center. In addition, 38,000 square feet has been leased to the YMCA, which will have offices and a fitness facility on the site. The remaining 74,000 square feet available is targeted for ground floor retail and professional office space.

South of the CBD, the city issued a RFP for development of the Gateway Project located on city-owned property at Main and Park Streets. Plaza Mayor, representing one of two submissions, won the city's nod as designated developer pending the selection of development partners. Plaza Mayor consists of A&Co. of New York and the Solaris Group led by local businessman Ted Amenta. Initial designs include two 17-story condo towers, a market plaza, retail stores and structured parking. The city considers the initial designs very preliminary, and hopes that the final project includes office space as well.

There are no other announced or proposed pipeline office developments on the radar in Hartford. Developer David Nyberg, who owns the old American Airlines building on Main Street has changed plans for the development from office and retail to condominiums. The building has 140,000 square feet available for condos. Nyberg's other condo development, the Metropolitan, has 50 condos in a 45,000 square foot building.

West Hartford

The mixed use development, Blue Back Square in West Hartford, has targeted 199,000 square feet for office use, built in two buildings. Major uses will include the Hartford Hospital Wellness Center, private medical practice groups, the Healthtrax health facility with aquatics and fitness centers, and smaller units of general office space.

South Windsor

Evergreen Walk in South Windsor, which is primarily a pedestrian focused retail development, also includes an office component. Original plans, which projected 10 years out, called for an eventual 650,000 square feet of office space spread across many buildings. Healthcare Network, a medical office building of 40,000 square feet is opening later this year; interestingly enough, already there are talks of expanding that office space. Plans for an additional office building of 60,000 square feet are now going through the permitting entities, with the expectation that it will break ground in 2006. Part of that building will house the Evergreen Imaging Center, which will supply high tech medical imaging to hospitals and doctors. In addition to the 285,000 square feet in Evergreen Walk phase one, another 90,000 square feet of retail is scheduled to break ground in 2006.

Windsor

ING's recent announcement that it will move from Hartford to Windsor means several hundred thousand square feet of build to suit office space will be added to the Northern Submarket. It will also open up space in downtown Hartford that city officials believe will be absorbed in short order.

Other Towns in Region

Elsewhere in the region, activity has been at the earliest offering level, with communities interested in property development, but no speculative office buildings of significant size in the pipeline. The last speculative office building construction occurred in 2001-2002, and much of the space sat empty for two or more years.

In nearby Canton, Casle Corp. is building Canton Commerce Center, the largest announced office park in the region, which will eventually include 14 buildings, with 380,000 square feet of space.

Summary of Office Market Analysis

- The office market in the Hartford region, the state and nation has been flat for several years but is showing signs of improvement. Speculative office space came on line in the midst of the 2001 recession and took several years to be absorbed. Consolidations and mergers are changing the space needs of large companies.

- Over the Short term demand for conventional office space is very modest. Leasing activity has been strongest in the Northern submarket with 102,000 square feet leased in the 3rd quarter of 2005. Farmington also showed strength with 71,800 square feet leased in the quarter.

- Institutional investment in office properties continues to be strong, especially around Hartford, which offers upside potential associated with the redevelopment of the downtown now in full swing.

- Despite some firming in the office market relative to vacancies, lease rates have dropped slightly as owners focusing on raising occupancy continue to negotiate lease rates and make concessions to lure and keep tenants.

- Statewide Employment is up 1.1% in 2005, and unemployment is falling. Economists forecast steady employment growth for 2006 and beyond. Employment growth in region less sanguine at 0.5% last year and projected to remain low through 2007.

- The office space pipeline is nearly empty in the city and the region. The planned move by ING from Hartford to Windsor could put a considerable amount of office space onto the market.

- Continuing mergers in the insurance and banking industry have created uncertainty about the need for growth in the office space market.

Office Market Implications for Rentschler Development

General Office Opportunity (Rentschler: 1,342,000 square feet, includes P&W headquarters)

- The region and the country are moving into a more favorable office market environment with vacancies stabilizing and rents nudging up. However, new construction continues to be restrained, particularly in the Hartford area by slow job growth of under 0.5% a year, 2,500 to 3,000 a year.

- Contributing to the health of the local office market is the conversion of hundreds of thousands of square feet of office to residential or other uses, which has especially decreased the amount of B and C space. On the other hand projected spikes could occur with relocation of ING to Windsor and P&W headquarters to Rentschler.

- As witnessed with ING, corporate relocation from within the region that results in no net increase in jobs could account for a portion of the office space targeted for the Rentschler site. This phenomena , though frequent in Fairfield County with numerous shifts from Stamford and Greenwich to Norwalk and Shelton, historically is less the case in Hartford area.

  Without the benefit of a corporate relocation on the scale of ING, the prospects of absorbing the 1 million square feet of office planned for Rentschler (excluding r&d, and proposed P&W HQ building) would seem challenging at best. In terms of new supply, this would represent a 4.2% increase in office space in the region or a 7.7% increase of the combined Hartford and East Submarket inventory that has witnessed virtually no growth in 15 years. Nor is there a clear picture of where anticipated boost in demand would occur in the future with projected growth in total employment estimated at an anemic 0.5% a year through 2007, or 2,500 to 3,000 a year, of which less than one quarter (23%) of that would likely be targeted for office (Information, Financial Activities, and Professional & Business Services).

R&D, High Tech Office Opportunity (Rentschler: 700,000 square feet, of which 400,000 is targeted as P&W high tech office)

- The Hartford area is a recognized center of R&D activity in the state, with 58% of all aerospace jobs in Connecticut located in the region and 34% of all high tech jobs. High tech job growth for the region is projected to increase by 4,460 between 2002 and 2012 which could translate into demand for 1.1 million square feet of space.

- The market for high tech and r&d space in the area and specifically at Rentschler is enhanced by the increased concentration of research & development activities by Pratt & Whitney and the United Technologies Research Center which together add to the region's reputation as a high tech center. Investment in defense R&D by the federal government continues to be strong.

- Opportunities for expanding R&D and high tech in the research is supported by 27 colleges and universities clustered along the "Knowledge Corridor" many centered in Hartford area. The concentration of universities is key to the development of knowledge industries, especially in research and development. High tech centers of excellence are almost always aligned with strong educational resources.

- East Hartford has 75 scientific and technology-based businesses, which indicates an existing pool of talent in high tech specialties. It also underscores one of the key strengths of a cluster: a wide range of pertinent services, resources and talent located in one geographic area.

- Industry R&D expenditures have been increasing at more than 11% per year in Connecticut, according to the National Science Foundation. Much of the spending is related to UTC's many divisions, and especially Pratt & Whitney.

- Demand for computer research scientists is expected to increase by 25% over the next 7 years; demand for engineers is projected to increase by 14%.

- In 2005, Connecticut ranks 7th in the nation on the Progressive Policy Institute's State New Economy Index. High tech jobs already account for 16% of total state employment. Jobs follow talent and Connecticut is well-positioned to increase its eminence in high tech fields.

Support for an R&D center at Rentschler is found in Hartford region's growing base of high tech firms and jobs fed in part by the innovations and partnerships arising from the Knowledge Corridor of higher education schools located between Springfield and New Haven. The on-going research and development associated with.Pratt & Whitney and the planned Connecticut Center for Advanced Technology also provides fertile ground for promoting high tech office and technology at the site. Nevertheless, success at attracting R&D at the scale envisioned for the project is dependent to some degree on the success of statewide marketing efforts to promote and nurture high tech and R&D growth in Connecticiut. However, assuming that 400,000 square feet of the total 700,000 square feet of R&D/high tech space is accounted for by P&W and CCAT planned developments, the remaining balance of 300,000 square feet would appear potentially achievable over the period of time targeted for total build-out of project.

Sports Medical Office Opportunity (Rentschler: 93,000 sf)

- Medical office buildings are in the midst of a boom. However, most range from 10,000 to 30,000 square feet, and many are satellite branches of major hospitals. Virtually every town in the region has at least one and up to 4 in development, including one project in East Hartford for St. Francis Medical Center. Developers say that the demand is nowhere near satisfied for such facilities, especially when they also include lifestyle wellness centers an example of which is found in the Blue Back Square development in West Hartford.

- There is no standalone Sports Medical Center identified in the state of Connecticut although many hospitals and clinics include sports medicine in their array of services. The UCONN Health Center in Farmington includes a Sports Rehab and Assessment Center within their Department of Orthopedics where therapists and physicians can work together on sports-related injuries.

  The proposed Sports Medical Facility at Rentschler would have the advantage of the tie in with Rentschler Stadium and facilities, and much like other such sports medical centers across the country would depend on strong associations with area hospitals and universities (particularly UCONN) that would allow for broad patient participation throughout the region and state. Similar successful concepts can be found at Duke Sports Medical Center and Ohio State University Sports Medical Center.

Housing Market Assessment

East Hartford Competitive Market Area

The competitive market area is that area within the East Hartford region that we have determined best constitutes the market for attached ownership and rental housing product, thus representing potential competition for the proposed high desnisty locations. The primary competitive supply falls within central Connecticut, as follows:

East Hartford Primary Competitive Market Area

- East Hartford
- Bloomfield
- Glastonbury
- Hartford
- Manchester
- Newington
- Rocky Hill
- South Windsor
- West Hartford
- Wethersfield
- Windsor

Ownership Housing Context

The market for ownership housing in the region, the state and the nation has been nothing short of extraordinary for five years running, although recent signs point to a cooling down period ahead. Propelled by historically low interest rates that have dropped by 300 basis points since 2000, both single family homes and more recently condominiums have sold in record numbers and in the region and are on tract to exceed last years record sales volume. Meanwhile, housing appreciation has consistently increased in value between 9 to 12% each year since 2001.

All of this has occurred within an economic climate that has produced few jobs in the last four to five years (at least in Connecticut), little population growth (also in Connecticut) and only modest increases in household income averaging 2 to 3% a year since 2002. Helping to launch the current housing boom, the Federal Reserve initiated a program to lower interest rates in an effort to combat a recession and subsequent stagnant economy. This program ended in 2004 but to the surprise of many, low interest rates, now 6.5%, continue to prevail despite thirteen consecutive increases of the federal fund rate since June 2004.

This has led to a few analysts alluding to a possible housing bubble in the works similar to the dot-com bubble that burst in 2000. However, the general consensus among most housing experts is that with exception of overly heated markets (Parts of Florida, San Francisco and Las Vegas being the most notable), the current ownership housing market should experience a soft landing from its current atmospheric level and ultimately be more stable and in better balance with present economic realities.

The housing market within the East Hartford region reflects the full spectrum of housing choices and conditions that taps into a deep and diversified market pool. At the top of the market in terms of pricing and affluence are the towns of Glastonbury, Rocky Hill, South Windsor, and West Hartford where low taxes, good access, good schools and proximity to employment have historically made them a desirable residential location. Newington Wethersfield and Windsor function as mid-tier communities straddling the housing gap between the very upscale and expensive to the highly affordable. Bloomfield and Manchester represent older or more urban centers that support a significant middle income population base tied in large part to a nearby local employment base. Although healthy and active, housing prices in these communities is tightly clustered in the moderate range.

Hartford's and to some extent East Hartford's ownership housing market continues to be hampered by high taxes, poor schools, and declining economic base. As such, much of the housing in the communities caters to a low and moderate income base, although certain areas within both communities (more recently downtown Hartford) command very high end market values.

Housing Supply – East Hartford Market Area

Between 1990 and 2000, the region witnessed a modest net change of 3,399 units, averaging a gain of less than 340 units a year to the region's housing base. However, the average jumps to 885 units a year after discounting the sizable impact of Hartford's housing decline during this period. Biggest contributors to the housing supply centered on communities East of the River that include Manchester, South Windsor and Glastonbury, which together added 5,445 homes as compared to 3,609 homes west of the river. East Hartford 's housing supply, however, remained essentially flat in the last decade.

Housing continued to expand in the East Hartford Market area after 2000, but still at a relatively modest pace of 1.64% between 2000 and 2004 . Overall, the region's supply grew by 3,204 units in this period, translating into an average yearly growth of 801 homes that is slightly under the adjusted average of last decade (after discounting Hartford's loss). While growth has been steady, there is no evidence of spikes in housing growth in the region despite development pressures associated with one of the best real estate markets in decades. Notably, once again, the East of the River communities are leading the way in housing production adding 45% of the total net gain.

Exhibit 12

TRENDS IN TOTAL HOUSING UNITS – E. HARTFORD MARKET AREA

Town	1990	2000	2004	Net Change 1990-2000	% Change 1990-2000	Net Change 2000-2004	% Change 2000-2004
E. Hartford	**21274**	**21273**	**21,286**	**-1**	**0.00%**	**13**	**0.06%**
Bloomfield	7738	8195	8,686	457	5.91%	491	5.99%
Glastonbury	10948	12614	13,008	1666	15.22%	394	3.12%
Hartford	56098	50644	50,800	-5454	-9.72%	156	0.31%
Manchester	21704	24256	24,768	2552	11.76%	512	2.11%
Newington	11,609	12264	12,444	655	5.64%	180	1.47%
Rocky Hill	7107	7962	8,312	855	12.03%	350	4.40%
S. Windsor	8044	9071	9,604	1027	12.77%	533	5.88%
W. Hartford	25021	25332	25,610	311	1.24%	278	1.10%
Wethersfield	10790	11454	11,520	664	6.15%	66	0.58%
Windsor	10233	10900	11,131	667	6.52%	231	2.12%
Total	**192,556**	**195,965**	**199,173**	**3,399**	**1.77%**	**3,204**	**1.64%**

Source: US Census, DECD

Tenure – East Hartford Market Area

Over the last five years, much of the new housing in the Market Area has been linked to ownership product and in most cases single family homes. This has helped boost ownership rates among individual towns, which with the exception of the urbanized communities of Hartford, East Hartford and urban ring community of Manchester, began the decade at relatively high levels. Much of the rental housing in Hartford and East Hartford is associated with older product and public housing, although plans for new rental housing are slated for downtown Hartford. In the case of Manchester, over 1,500 units of new luxury rental housing came on the market in the 1990s linked in part to the community's retail expansion. Highest rates of ownership housing are found in Glastonbury, Newington, South Windsor, and Windsor.

While growth in new rental housing is at a lull, in the region as elsewhere in the state, renters have often occupied condominiums which helped fill the need for better quality rentals in the absence of new construction. With the emergence of a strong ownership market supported by low interest rates, condominiums have been sold off in larger numbers by investors to owner occupiers, which could help fuel demand for new rental product.

Exhibit 13
OWNERSHIP STATUS
2000

Town	Owner-Occupied	% Owner-Occupied	Renter Occupied	% Renter Occupied
E. Hartford	**11626**	**57.5%**	8580	**42.5%**
Bloomfield	5916	**74.9%**	1986	**25.1%**
Glastonbury	10017	**81.7%**	2240	**18.3%**
Hartford	11064	**24.6%**	33922	**75.4%**
Manchester	13059	**56.3%**	10138	**43.7%**
Newington	9688	**80.6%**	2326	**19.4%**
Rocky Hill	4951	**65.5%**	2606	**34.5%**
S. Windsor	7953	**89.3%**	952	**10.7%**
W. Hartford	17664	**71.9%**	6912	**23.1%**
Wethersfield	8733	**77.9%**	2481	**22.1%**
Windsor	8497	**80.3%**	2080	**19.6%**
Total	**94,455**	**59.5%**	**47,473**	**40.5%**

Source: US Census

Housing Characteristics – East Hartford and the Region

Single family homes dominate in the market area for all communities with exception of Hartford and Manchester. Notably, East Hartford reports a relatively high level of single family units for an urban area with a 56% share and is second only to West Hartford in total number.

We estimate that there are approximately 17,500 to 18,000 condominium units in the market area representing 8.8% of the total housing in the study area. Major concentrations of over 2,000 units are found in Hartford and Manchester followed by Newington and Rocky Hill. An estimated 1,050 condo units are located in East Hartford. The vast majority of the region's condo market predates 1992 with new condo product only recently coming into the community in the last two to three years.

Exhibit 14

HOUSING CHARACTERISITICS

Year 2004 – East Hartford Market Area

Town	Total Units	Single unit	2 unit	¾ units	5+units
E. Hartford	**21,286**	11,834 (55.6%)	2190	2098	4657
Bloomfield	8,686	6,405 (73.7%)	220	261	1791
Glastonbury	13,008	10,761 (82.7%)	595	582	1070
Hartford	50,800	8,240 (16.2%)	6196	12235	22463
Manchester	24,768	9,856 (39.8%)	2749	2092	6409
Newington	12,444	9,738 (78.3%)	296	606	1804
Rocky Hill	8,312	4,988 (60.0%)	197	749	2378
S. Windsor	9,604	8,023 (83.5%)	145	200	1106
W. Hartford	25,610	17,977 (70.2%)	1789	1550	4277
Wethersfield	11,520	9,005 (78.2%)	441	640	1428
Windsor	11,131	9,228(82.9%)	540	587	769
Total	**197,169**		**15,358**	**21,600**	**48,152**

Source: CT DECD

Housing Unit Production – East Hartford Market Area

An analysis of production activity within the study area and county provides encouraging evidence that for the present new supply has not outstripped demand despite an expanding housing market dating from 2001. New permits have increased at the very modest rate of 0.48% a year within the region between 2001 and 2004 as compared to 6.0% for the state overall. An average of 954 housing permits were issued in the market area during the 2001 to 2004 period as compared to the 978 permits annually over the previous four years. A similar pattern of stable housing production emerges when looking at the permit trends for the county overall between 1997 and 2004. Moreover, the vast majority of the new permits is associated with single family units, where speculative building inventory is generally modest.

The migration of growth to the east can be seen in the permit trends with greatest housing expansion occurring in East of the River communities of Manchester, Glastonbury, and South Windsor. Together these three towns combined for a total of 3,705 units or 48% of the total housing in the period analyzed. Remarkably, East Hartford has barely registered a housing pulse over the 8 year period analyzed with only 63 permits issued in that time.

Exhibit 15

MARKET AREA NEW PERMIT ACTIVITY

Town	1997	1998	1999	2000	2001	2002	2003	2004	TOTAL
E. Hartford	**3**	**4**	**6**	**11**	**8**	**8**	**5**	**18**	**63**
Bloomfield	33	37	40	33	40	61	309	96	649
Glastonbury	164	246	187	124	128	102	74	113	1138
Hartford	59	88	44	61	90	71	335	78	826
Manchester	321	483	147	54	110	190	140	128	1573
Newington	183	115	94	50	71	51	30	40	634
Rocky Hill	93	111	95	65	81	113	79	86	723
S. Windsor	124	134	100	64	71	167	171	163	994
W. Hartford	9	25	32	58	86	52	45	100	407
Wethersfield	77	73	40	24	27	21	20	6	288
Windsor	50	44	48	59	42	35	71	86	435
Total	**1116**	**1360**	**833**	**603**	**754**	**871**	**1279**	**914**	**7730**
Hartford County	*2246*	*2790*	*2182*	*1705*	*2026*	*2284*	*2585*	*2389*	*18207*

Source: DECD

Single Family Price Market Value Trends

Based on residential data collected by the Warren Group, the East Hartford market area towns experienced extraordinary residential price appreciation since 2001 in both the single family and condominium market. Similar price jumps were seen nationally as interest rates on 30-year mortgages declined during this period, dropping from 7.5% to as low as 5%. The market was further buttressed by buyers seeking to place money in real estate in the face of negative or modest gains in stock market.

Between the years 2001 and October 2005, single family homes in the region appreciated on average between 8.9% annually in Bloomfield to a high of 13.1% in East Hartford. Overall, the market area posted an average annual increase of 11.1 %. Even communities hard hit in the last real estate recession of the early to mid 1990s recorded double-digit increases as illustrated by East Hartford's and Hartford's overall increase in single family value of 52.3% and 40.4%, respectively.

By 2005, most towns in the market area reported median single family sale price levels exceeding the $200,000 threshold. The exceptions included East Hartford, Hartford and Manchester. Lowest single family values in the market area were found in Hartford with a median of $153,000, followed by East Hartford at $175,000. By comparison, the most expensive residences were found in Glastonbury where median home sale for October 2005 equaled $370,000. In the majority of the towns, the rate of appreciation in 2005 kept pace with the healthy increases of previous years pointing however early indication of a slow down in price appreciation is noted with six of the 11 communities experiencing a drop in appreciation rate over previous year rate.

Condominium Market Value Trends

While single family home prices have increased at an exceptional rate in recent years, price appreciation has been even greater and more consistent for the condominium market in the region although some leveling off is expected with the impact of growing interst rates and as inventories grows. Nevertheless, the resurgence of the condo market represents a substantial turnaround of this market from its moribund state of the mid 1990s.

In certain communities in the market area, price appreciation has even pushed over 70% to as high as 134% (Hartford). East Hartford witnessed overall median rate gains of 83.8%, effectively pulling up condo prices to nearly $100,000 from $54,000 five years ago. Meanwhile, impressive gains are found in the more suburban communities of Rocky Hill, South Windsor and the urbanized community of West Hartford with aggregate increases of 74.9%, 88.2% and 93.0% respectively between 2001 and 2005, representing average annual increases of over 18%.

Highest median values in 2005 were recorded in Bloomfield ($199,900), Glastonbury ($184,500), Rocky Hill ($200,000), and West Hartford ($195,000). Meanwhile, East

Hartford is close to breaking through the $100,000 threshold with median condo sale of $99,250 in October 2005.

Sales Volume Analysis - Single Family

Sales volume for single family homes in the study area have been strong averaging 5,243 single family sales a year between 2001 and 2004. However, unlike big increases in sales prices on a year to year basis, sales volume has remained relatively steady with only a 6.4% increase in sales volume between the lowest sale year (2003) and the peak year of 2004. Moreover, sales volume trends have been inconsistent, with annual single family homes sales increasing between 2001 and 2002, but then dropping in 2003 and rising again modestly in 2004. Meanwhile, sales activity for 2005 is on track to match or fall slightly below 2004 levels. In both cased, this would suggest some level of market cap in the region on sales growth due to lack of new inventory and impact of rising prices.

Among area towns, the most prodigious growth in sales volume has actually occurred in the more urbanized communities of Hartford, East Hartford and Bloomfield which saw sales volume increase by 35 to 57% between 2001 and 2004 and benefited most from a revived housing market.. In contrast, Glastonbury, Rocky Hill and South Windsor actually registered a drop in sales. .

As would be expected, highest sales volumes for single family homes were concentrated in the larger populated urban areas with significant single family stock that include West Hartford, Manchester, and East Hartford.

Sales Volume Analysis - Condominium

Unlike the single family market, condominium sales have increased year over year from 2001 to 2004 within the marketplace, and appear to be on a record pace for 2005. Overall, total unit sales rose 24% from 1,714 in 2001 to 2,133 in 2004 indicative of the growing popularity and renewed interest in this product type. Virtually every town in the Study Area reported sales volume increases of over 20% to as high as 81% (Hartford) between 2001 and 2004. Only Glastonbury and Newington recorded a decline.

Condo sales are relatively distributed throughout the region providing evidence of market support and depth for this product in the study area. On average, seven of the 11 towns analyzed in the Study Area reported an average of 200 to 240 sales a year. Top ranked condo markets in terms of sales include Newington, South Windsor, and Hartford averaging 240 sales a year followed by Rocky Hill, Manchester and West Hartford. The East Hartford condo market is somewhat moderate averaging 116 sales a year and representing a 6% share of the overall market.

Future Outlook – Volume and Home Pricing

Although trends in price appreciation were generally strong for much of the region through 2005 particularly for condos, a number of signs point to possible moderation in the near term. According to the MLS, the latest data for sales volume for November and December show a slackening in sales as compared to last year. Higher prices are contributing to the slow down along with rise in mortgage rates engineered by the Federal Reserve. Beginning in June 2004 there has been thirteen consecutive rate increases of the short term interest rate target that has pushed it to a 4.5 year high (4.25%). Additionally, pent-up demand and low-interest rates provided an initial surge in pricing that was exacerbated by the lack of new product, which in some cases extended over 8 years. Over the last two to three years, however, a noticeable increase in new proposed and built product, in particular condo, has entered the marketplace. While many of these projects in the communities analyzed are high-end, and in the case of condos, age-restricted, the net effect of this new supply is likely to have a moderating effect on prices overall.

East Hartford Capacity for Upscale Condominium

Although East Hartford's condo market is relatively small and oriented largely to home buyers seeking affordable housing, the 106-unit Riverpoint located on East River Drive provides evidence of support for upscale units. Built in 1989, this high rise property is easily accessible, highly visible, located within a well-maintained corporate environment with spectacular unobstructed views of the he Connecticut River and the Hartford skyline. Last year, a total of 8 resales were recorded at Riverpointe at prices ranging from $190,000 to $375,000, which falls within the top tier pricing threshold for condo pricing for attached housing in the region. The following chart provides a summary of Riverpoint's sales in 2005.

Exhibit 15

Riverpointe Condominiums
Sales History - 2005

Unit #	Date of Sale	BR/BA	Sale Price
1105	11/05	3/2	$365,000
208	3/05	2/2	$280,000
306	8/05	3/2	$355,000
401	3/05	2/2	$190,000
408	7/05	2/2	$208,950
601	8/05	2/2	$250,000
606	11/05	3/2	$375,000
802	7/05	2/2	$275,000
Average 2BR			**$240,000**
Average 3BR			**$365,000**

Source: Warren Data

The following charts provide summary on sales volume and pricing for the East Hartford Area.

Exhibit 16

East Hartford Market Area Median Price & Volume Trends

	2001	2002	2003	2004	2005-Oct	Volume % '01-04	Price % '01-05
Bloomfield							
Number of sales							
Single Family	180	240	254	283	253	57.2%	
Condo	64	81	80	92	88	43.7%	
Median Price							
Single Family	$147,250	$156,000	$170,000	$179,000	$200,000		35.8%
Condo	$125,400	$135,000	$148,500	$155,500	$199,900		59.4%
East Hartford							
Number of sales							
Single Family	571	638	643	686	**571**	**20.1%**	
Condo	97	139	117	113	96	16.5%	
Median Price							
Single Family	$114,900	$126,350	$139,900	$158,000	**$175,000**		52.3%
Condo	$54,000	$69,000	$84,400	$90,000	$99,250		83.8%
Glastonbury							
Number of sales							
Single Family	532	497	488	431	440	-18.9%	
Condo	198	186	203	197	184	-0.5%	
Median Price							
Single Family	$252,000	$274,500	$300,000	$323,000	$370,000		46.8%
Condo	$119,750	$142,000	$150,000	$178,000	$184,500		54.1%
Hartford							
Number of sales							
Single Family	350	375	400	474	384	35.4%	
Condo	179	214	235	325	252	81.6%	
Median Price							
Single Family	$99,700	$109,000	$126,750	$140,000	$153,000		40.4%
Condo	$32,000	$52,750	$50,000	$60,000	$75,000		134.4%
Manchester							
Number of sales							
Single Family	766	758	703	800	654	4.4%	
Condo	195	229	247	227	264	16.4%	
Median Price							
Single Family	$132,125	$145,000	$157,000	$176,000	$198,000		49.8%
Condo	$80,000	$89,000	$105,000	$100,000	$123,000		53.7%
Newington							
Number of sales							
Single Family	373	396	382	408	305	9.4%	
Condo	240	260	233	239	202	-0.4%	
Median Price							
Single Family	$152,000	$170,000	$188,000	$210,000	$222,000		46.0%
Condo	$108,500	$117,000	$135,669	$155,000	$169,900		56.6%

East Hartford Market Area Median Price & Volume Trends (Continued)

	2001	2002	2003	2004	2005 Oct.	Volume % '01-04	Price % '01-05
Rocky Hill							
Number of sales							
Single Family	166	179	144	149	138	-10.2%	
Condo	205	242	242	233	181	13.6%	
Median Price							
Single Family	$175,037	$190,000	$235,000	$240,000	$250,000		42.8%
Condo	$114,300	$125,000	$138,250	$179,000	$200,000		74.9%
South Windsor							
Number of sales							
Single Family	323	293	284	309	226	-4.3%	
Condo	220	246	229	265	229	20.5%	
Median Price							
Single Family	$185,000	$210,000	$240,500	$260,000	$261,750		41.5%
Condo	$93,500	$115,950	$125,000	$134,000	$176,000		88.2%
West Hartford							
Number of sales							
Single Family	952	990	899	1003	817	5.3%	
Condo	182	226	172	241	266	32.4%	
Median Price							
Single Family	$196,402	$230,000	$250,000	$268,000	$285,000		45.1%
Condo	$101,000	$126,750	$137,450	$155,000	$195,000		93.1%
Wethersfield							
Number of sales							
Single Family	468	441	445	411	395	-12.2%	
Condo	54	63	80	65	81	20.3%	
Median Price							
Single Family	$161,964	$175,000	$195,000	$225,000	$240,000		48.2%
Condo	$90,750	$68,500	$117,500	$129,900	$144,000		58.7%
Windsor							
Number of sales							
Single Family	443	501	465	480	409	8.3%	
Condo	80	87	82	136	78	70.0%	
Median Price							
Single Family	$159,000	$157,500	$177,500	$189,900	$217,000		36.5%
Condo	$120,850	$85,900	$100,000	$227,250	$117,250		88.0%

Source: The Warren Group

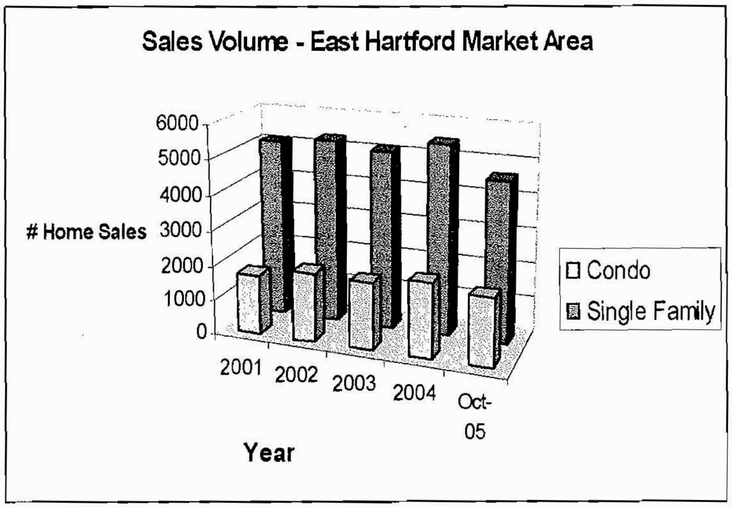


Exhibit 17

Share of Sales by Community

Town	# of Trans. 2001-2004 YTD	Share of Sales
Single Family Homes		
W. Hartford	3844	18.3
Manchester	3027	14.4
East Hartford	2538	12.1
Glastonbury	1948	9.3
Windsor	1889	9.0
Wethersfield	1765	8.4
Hartford	1599	7.6
Newington	1559	7.4
S. Windsor	1209	5.8
Bloomfield	957	4.6
Rocky Hill	638	3.0
Total		**100.0%**
Condominiums		
Newington	972	12.6
S. Windsor	960	12.4
Hartford	953	12.3
Rocky Hill	922	11.9
Manchester	898	11.6
W. Hartford	821	10.6
Glastonbury	784	10.1
E. Hartford	466	6.0
Windsor	385	5.0
Bloomfield	317	4.1
Wethersfield	262	3.4
Total		**100.0%**

Source: The Warren Group

Rental Housing Market

Unlike the ownership housing market which has sizzled over the last five years, the rental housing market has hit a soft patch due in part to the accessibility of low cost financing of home ownership and partly to demographics as the prime age for rental housing – persons 20 to 30 years of age - has diminished in size. Further stifling demand is the lack of job growth in the region and the state since 2000 which often creates needs for transient housing. Even with the leading edge of the baby boomlet projected to come of age in the next couple of years, the market fundamentals for rental housing are guarded at best unless interest rates dramatically increase and the cost of housing rises appreciably.

The East Hartford rental submarket accounts for 6% of the total Hartford regional submarket although (see map of designated submarkets on following page). Major concentrations of supply are found in Hartford with 27% share, 30% in Western submarket, and 16% in Northern submarket. Construction of new rental product has been minimal in the region the last four years and with exception of Hartford no major rental projects are underway.

Rental housing vacancies are high in the region and are currently ranging between 6.9% in the Eastern submarket to 12.4% in Hartford. Overall, the vacancy rate in the region has been trending upward in the last five years from an average of 8.1% in 2001 to the current 9.0% in third quarter 2005. Meanwhile, rental rates have been essentially flat to negative over the same period. Year to year rent rate growth for the metro area has averaged under 1% a year since 2002 providing further evidence of the softness of the market. Highest rents have been achieved in the southern and eastern submarkets averaging $1,128 a month and $1,181 a month, respectively, which is slightly higher than the $1,063 a month achieved for the metro area.

Exhibit 18

Apartment Vacancy Rate – Hartford Region Submarkets

Submarkets	**2001q3**	**2002q3**	**2003q3**	**2004q3**	**2005q3**	**2006q3**	**2007q3**	**2008q3**
E. Hartford	**8.8%**	**9.0%**	**9.2%**	**9.3%**	**9.0%**	**8.4%**	**8.4%**	**8.2%**
Hartford	11.5%	12.1%	12.3%	12.4%	12.3%	12.5%	12.4%	12.2%
Eastern Suburbs	6.2%	7.2%	7.0%	6.9%	6.8%	6.7%	7.0%	7.1%
Northern Suburbs	6.6%	7.0%	7.4%	7.9%	7.8%	7.0%	6.8%	6.5%
Southern Suburbs	6.2%	6.9%	7.0%	7.0%	7.1%	6.7%	7.0%	7.0%
Western Suburbs	7.1%	8.0%	8.1%	8.1%	8.0%	7.8%	7.9%	7.9%
Metrowide	*8.1%*	*8.8%*	*8.9%*	*9.0%*	*9.0%*	*8.7%*	*8.8%*	*8.7%*

Source: Property & Portfolio Research, Inc.

The lack of rent growth associated with flat demand has hampered investment interest in new rental product in the region. However, according to Property & Portfolio Research, Inc., a national real estate data firm, projected demand for new rental housing in the region is expected to improve slightly beginning in 2007 and averaging 411 units a year. Much of that demand is expected to center within the City of Hartford which is expected to account for 52% of the new supply, followed by rental growth in western suburbs where proximity to employment centers and office parks has kept vacancies under the metro market average. Meanwhile projected new supply is forecasted to average 348 units a year translating into net annual unmet demand of 0.1%, or an estimated 65 units a year.

Exhibit 19

Annual Supply and Demand Growth

	Annual Supply Growth				Annual Demand Growth				Annual Net Demand Growth	
	In Percent		In Units		In Percent		In Units			
	Historical	Forecast	Historical	Forecast	Historical	Forecast	Historical	Forecast	Historical	Forecast
East Hartford	0.3%	0.4%	15	17	0.1%	0.6%	3	24	(0.3%)	0.2%
Eastern Suburbs	0.3%	0.3%	26	25	0.1%	0.3%	6	20	(0.2%)	(0.1%)
Hartford	0.4%	0.6%	83	136	0.1%	0.9%	12	169	(0.3%)	0.3%
Northern Suburbs	0.7%	0.4%	90	51	0.3%	0.6%	37	76	(0.4%)	0.2%
Southern Suburbs	0.3%	0.4%	31	41	0.0%	0.4%	2	39	(0.3%)	0.0%
Western Suburbs	0.3%	0.3%	63	79	(0.0%)	0.4%	(3)	84	(0.3%)	0.1%
Metrowide	*0.4%*	*0.4%*	*307*	*349*	*0.1%*	*0.6%*	*57*	*411*	*(0.3%)*	*0.1%*

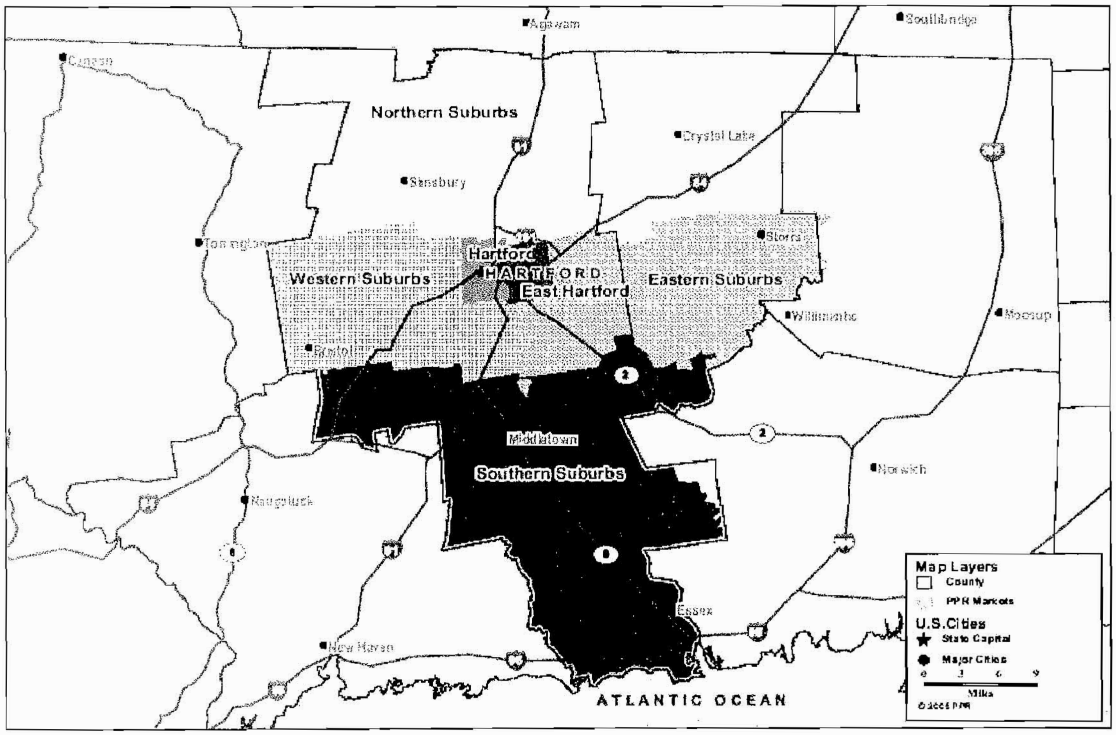
Source: Property & Portfolio Research, Inc.

One factor likely to contribute to the marketability of rental housing in the project area is a trend in diminishing supply of rental condo units which has functioned as the de-facto luxury market for this housing type in the region. The decline in rental supply is already noted in the census data which reported 33% of Hartford County's housing stock as rental in 2000 as compared to 35% share in 1990. In the absence of any significant new construction of rental housing, it is anticipated that this percentage has slipped even lower over the last five years in large part due to re-absorption of condo rental units and multi-family homes into the ownership market. In particular, the condo rental market has appeared to have shrunk in size from an estimated 7to 10% of the total rental market to 5%

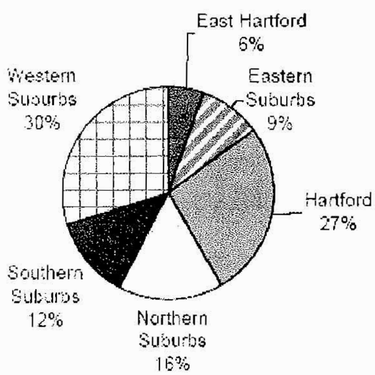
Exhibit 20

HARTFORD APARTMENT SUBMARKET FORECAST

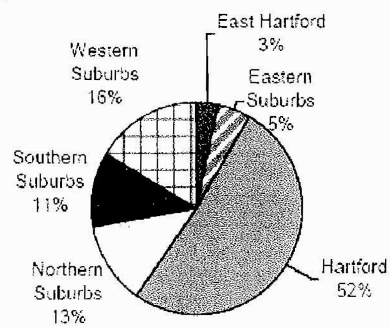
Map



Market Size 2005 Q3



Completions Over Next Two Years (Units)



Source: Property & Portfolio Research, Inc

Housing Pipeline

Our research into proposed attached housing indicates significant interest and activity for multi-family development in the region. We identified 35 market rate attached housing projects (both condo and rental) with 50 units or more in the Greater Hartford Area recently constructed, in construction or in the planning stage. Representing a total of 4,352 units, together they comprise a substantial number of the nearly 5000+ units that are thought to be in development in the region. The greatest concentration of new units is in Hartford, but many of the suburbs have sizeable projects. While many of the units will come on line in 2006, the majority are slated for 2007, 2008 and beyond.

Downtown Hartford

Hartford is leading the way in terms of multi-unit housing development, with nine condo and eight apartment projects underway, totaling 2,403 units, of which 247 units in two rental projects are already completed. The activity is buoyed by the city's commitment to bringing residents into downtown. The state has invested $1 billion in downtown housing, for demolition, construction, parking and housing subsidies, which has leveraged private investment. According to leasing agents at newly constructed downtown projects, most new residents are 55 and older, many single, and many from the suburbs, with the balance being young professionals.

Recently completed projects include the 122-unit Trumbull on the Park, an apartment complex overlooking Bushnell Park developed by Martin Kenny. In addition, he is in discussion to take over an office building next door at 111 Pearl Street and convert it into 50 more units, this time as condos. David Nyberg (College Street LLC) out of New Haven has also recently converted the elegant Southern New England Telephone building on Trumbull Street to 135 apartments now called 55 on the Park. Other projects being undertaken by David Nyberg include the Metropolitan representing the conversion of the former Hartford Electric Light Company building at Pearl and Ann Streets into 50 condo units ranging in price from $250,000 to $400,000. The first floor will feature office and restaurant space. Nyberg is also doing a major conversion of the former American Airlines office building on Main Street to condominiums. The building has sufficient space to create 150 luxury units.

Northland Investment Corporation of Newton, Mass. has taken the Hartford Civic Center and is creating Hartford 21, a 36-story tower of 232 apartments rising over a base of 93,000 square feet of offices and 38,000 square feet of street-level shops and restaurants. The apartments were originally designed to include unusually high end amenities, including washers and dryers in every apartment, that are intended to allow easy conversion to condominiums in case the rental market changes. Inside the structure, an existing 800-car garage and the Veterans Memorial Coliseum, managed by Madison Square Garden on a ground lease with the city, will remain for sports and concerts.

Northland is also developing a mixed condo and luxury apartment tower complex on the site of the old YMCA on Bushnell Park. The 18-story, $117 million project will feature 200 upscale condos and 100 apartments.

One large project that is on hold but still planned is targeted for Front Street within the 30-acre Adriaen's Landing site calling for 200,000 square feet of retail and entertainment and 200 units of housing. Developer H.B. Nitkin Group, headquartered in Greenwich, was recently selected as preferred developer for Front Street following a string of failed plans for the Front Street site.

Refer to summary chart of recently completed and planned housing projects in Hartford. A more detailed chart is included in the appendix.

Exhibit 21
Hartford Multi-family Housing Developments

Project Name	Developer	# of Units	Housing Type	Status
Hartford 21	Northland Investment Corp	262	Apartments	UC
Trumbull on the Park	Martin Kenny	112	Apartments	Completed
Trumbull Centre	Lexington Partners	100	Apartments	UC
Meeting House Square – Columbus Blvd	Capital Properties	210	Condo	Planned
Sage-Allen	18 Temple St. LLC (Mark S. Levine)	78	Apartments	UC
55 On The Park (SNET Building)	David W. Nyberg	135	Apartments	Planned
Colt Gateway	Homes for America Holdings, Inc.	300	Apartments	Planned
The Metropolitan	David W. Nyberg	50	Condo	UC
Pearl Tower	Full Spectrum	33	Condo	Planned
Capewell Manufacturing	John Reveruzzi	92	Condo	On Hold
YMCA	Northland Investment Corp	400	Condo/Apts	Planned
Front Street	H.B. Nitkin Group	200	Condo	On Hold
American Airlines Building	David W. Nyberg	150	Condo (office conversion)	Planned
The Webster		61	Condo (apartment conversion)	UC
Capital West, Myrtle St	Joshua Guttman	94	Apartments or Condos	UC
Goodwin Estate	Ginsburg Development	56	Condo	UC

Source: Realtors, Local Town Agencies, Planning and Zoning, State of CT, CCEDA

Outside of Hartford

One of the largest suburban projects is in *Manchester*, where a 322-unit market-rate apartment house is planned between two other apartment towers. This project is located near the Buckland Hills Mall. Target date for occupancy is early 2008. Meanwhile, *Newington* has two condo projects, one for 71 and the other for 154 units, that are notable because the developers of the projects are national homebuilders Toll Bros. and Pulte Homes, respectively. These projects are due for completion in 2008 and 2007.

East Hartford currently has two condominium projects, both targeted to active adults. Phillips Farm is a 66-unit project featuring floor plans ranging from 1,500 to 2,000 square feet, Cape Cod-style, 3-bedroom units, in the price range of $239,900 to $319,900, which is well above the community's median home price. The 17.5 acre property is just off Silver Lane and across the street from Stop and Shop and the Showcase Cinemas, but the developers have surrounded it with a landscaped berm, and included neighborhood-style amenities such as picket fences and colonial lampposts. An additional active adult condominium project of 55 units, Goodwin Village, has been approved on Goodwin and School Streets.

The suburbs are seeing demand for, and a new supply of luxury condos. *West Hartford's* Blue Back Square's 62-unit Heritage condominiums, which are a reuse of an existing apartment house, are priced from $350,000 to $900,000 for a 3-bedroom townhouse with all the amenities. When the condos went on sale in October, one-half were sold immediately, prompting the developers to announce in November that they plan to add 50 more luxury condominiums to the project. The plan must be approved by West Hartford.

Other housing projects in West Hartford include the 148-unit Quaker Green condo built by GDC Development and targeted for completion in 2006. GDC is also undertaking the Greens at Gillette Ridge, in Bloomfield, a new 165-unit condo project under construction that is priced up to $1 million as part of the conversion of Cigna's 650-acre office park into a mixed-use development. Meanwhile, on Albany Avenue, Konover is in the process of completing a 79-unit condo project, The Somerset.

Farmington's 120-unit Bradford Walk now under construction is priced up to $500,000 for a 2,500 square foot, 3-bedroom free-standing unit with a 2-car garage. The project, which includes 40 condos on the New Britain side of the property, is scheduled for completion in 2006.

Wethersfield planning officials have been in conversation with a developer about the creation of a 100-unit condo project, that could be brought before the planning and zoning by summer 2006. No other details are available.

Windsor has two projects under construction, both with 50 condo units. One of these projects is in the old Spencer Arms Co. factory. In addition, the 59-unit Wyndemere project in Windsor is for active adults, and priced at $350,000 for a 1,900 square foot, 3-bedroom unit. Also in Windsor, 43 condo units targeted to active adults are under construction at

Strawberry Fields, with a price tag of $350,000 for a 1,730 square foot unit with an attached garage.

In *South Windsor*, the Evergreen Walk lifestyle shopping center has an adjacent property where the developer is seeking a zone change to develop 376 market rate rental apartments. This project would be online no earlier than 2008. In *Glastonbury*, South Mill condos have had another expansion, raising the number of units available to 110.

Projected Phase-in of Housing Units

Although over 4500 units of new housing in multi-family housing projects are in construction or in planning in the area, it is expected the completion of units will be accomplished over a period of four years or more. Beginning in 2006, new unit production is projected to range between 1,436 unit to 1,622 units in 2008+. Notably, the mix between ownership and rental is relatively even with 45% rental and 55% condo.

Exhibit 22
Expected Unit Delivery of Proposed Units – Hartford Region

Housing Type	2005	2006	2007	2008+	Total
Rental	247	456	378	898	1979
Ownership		980	669	724	2373
Total	**247**	**1436**	**1047**	**1622**	**4352**

Summary of Housing Market Analysis

- The region's ownership housing market, like the nation, is entering into a more moderate stage sales pace and price appreciation after four years of extraordinary activity. Two factors influencing cooling off period include rising interest rates engineered by the Federal Reserve and rising home prices which have thinned the ranks of potential buyers.

- Over the last five years, housing demand in the region has been largely influenced by changing demographics and low interest rates as opposed to population and employment growth.

- For the present, there are no signs of impending housing supply overhang in the region. This can be attributed to a modest 1.6% expansion in housing stock in the study area between 2000 and 2004 as compared to 6% for the state. It is noted, however, that housing production between 2000 and 2005 matched production level achieved in the previous ten year period of 1990 to 2000.

- In contrast to the rest of the region, East Hartford has registered very little housing growth in the past eight years averaging under 8 permits a year for housing units. The lack of housing production in the community is indicative of the challenges to market rate housing in the city linked to high taxes, school issues, and poor image.

- There is noticeable housing growth activity oriented in communities east of the river as compared to the west. Major concentration is seen in Manchester, Glastonbury and South Windsor which accounted for 48% of the total increase in homes in the region between 1997 and 2004.

- Condominiums comprise an estimated 9% of all housing in the region, or an estimated 18,000 units. Major concentrations are found in Hartford, Manchester, Rocky Hill, and Newington.

- The condo market is relatively small in East Hartford and oriented largely to affordable housing, however, it does support one upscale high rise development, Riverpoint, located on East River Rd. Commanding outstanding views of the Connecticut River and Hartford skyline, this high rise property has recently recorded resales that fall into the upper end of the condo price range for the region ($208,000 to $375,000).

- The torrid housing market in the last five years has pushed single family values up in the region from 35.8% in Bloomfield to a high of 52.3% in East Hartford. On average price values have jumped by 44.1% between 2001 and 2005.

- Sales absorption of single family homes in the region has been relatatively consistent since 2001 averaging 5,243 sales a year. Condo sales on the other hand have been experiencing year to year increases over the last five years and are projected to exceed the total of 2,133 achieved in 2004.

- Future capacity for absorption of condominiums (new and resale) in the region is expected to remain within the range of 2,000 to 2,500 units a year.

- The regional rental market continues to be somewhat soft in the near term due to high vacancy rates and flat rental rate escalation. However, the market is expected to improve moderately by 2007 as employment improves and the leading edge of the boomlet population emerges into the marketplace.

- A total of 35 market rate housing projects containing 4,352 units (multifamily ownership and housing) were identified as recently completed or in planning for the region. Over half of these units are located or targeted for Hartford.

- Assuming full approval and likely construction cycle, new proposed multi-family housing within the region is expected to be phased in over a period of three to four years at levels ranging between 1,436 units to 1,622 units a year. In total, 2,373 units of ownership housing are proposed, while 1,979 units of rental housing have been recently completed are in planning stage.

Housing Market Implications for the Rentschler Development

172 units of housing planned targeted as condominiums

- Although entering a cool down phase, the ownership housing market in the region is projected to have a soft landing in large part due to modest increase in housing supply in the last five years. In contrast to the last real estate collapse of the early 1990s in which supply overhangs amounting to years existed, the present market has very little built-up inventory.

- Barring an economic downturn, demand for condo product is expected to increase by 5% a year in the region due largely to price affordability compared to single family homes and the impact derived from changing demographics (expanding empty nester/ move down market, growing number of split households, growing single female HH market, and younger buyers). Based on a unit absorption of 90 units a year, or 7.5 units a month, the proposed development would account for less than 3% of the total sales in the region.

- Evidence of pent-up demand for new construction condo units can be seen in the exceptional pre-sales experience of several projects that include Blue Back Square, in which one-half the initial 62 units were sold in a month prompting developers to seek expansion of 50 units to the housing component of the project.

- The market for rental housing at the Rentschler site is less defined in the near term but should improve with job growth, in particular that which is linked to the site itself, and the "coming of age" of the boomlet population who would be most predisposed to rental housing.

- With an estimated 4,300 attached units in the pipeline, a significant amount of multi-family housing is being proposed for the region that includes 2,300 market rate units recently built or proposed for Hartford. There is some risk that the expected slowdown in the housing market could lead to an overhang in housing supply, particularly in Hartford where much of the housing is concentrated, as absorption of units lag. In the case of condominiums, the expected delivery of 980 units in 2006 represents 39% of the expected total sales for the region. However, unlike the conditions that brought on the real estate collapse of the early 1990s, overall production of ownership units in the region up to this point has been modest providing a more salutary environment for marketing of new product. Additionally, it is noted that phase in of units is expected to stretch over three to four years providing ample opportunity to adjust to changing market conditions.

- The scale of the overall Rentschler development provides a potential opportunity for supporting a residential component larger than that presently proposed. The potential introduction of more than 4,000 new office employees to existing base of 11,000 employees, combined with the marketing opportunities inherent with linkages to a major retail-tourist component (Cabella's), a larger, more traditional retail center centering on dining and entertainment, and association with athletic events (Rentschler Field), has the potential to generate a greater market share than conventional residential developments.

  Despite evidence of considerable multifamily activity targeted for the area over the next three years, the data suggests the proposed density of ownership housing identified for the Rentschler Development is well within the threshold for support for the area short of a major collapse of the housing market.

Rental Housing Opportunity

While our research into ownership housing provided sufficient evidence of market support for this sector, the data is less sanguine for market rate rental housing, at least in the near term. Nationally, the multifamily rental market has been weakened by lackluster demand tied to two major ongoing factors: lack of jobs formation and a booming entry level ownership housing market. The lack of job increases affects the flow of new entry level renters and the low cost of buying a home has siphoned off existing renters from the marketplace. A third factor, an oversupply of new rental housing, has abated somewhat as apartment housing starts have declined in view of poor market fundamentals. One future silver lining for rental housing demand is that the leading edge of the boomlet population age 15 to 25, representing the children of the baby boom generation is emerging. This age group is largely predisposed to rental housing versus ownership and as their number increase could certainly change the dynamics for underwriting new rental housing development in the area.

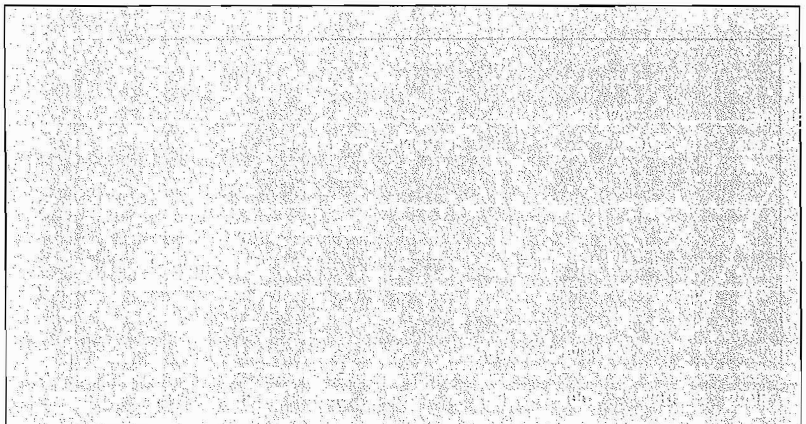
Lodging Market Assessment

Hotel Industry Trends- National

After suffering one of the most severe contraction in decades between 2001 and 2003 in hotel demand and rate reductions, the hotel industry has since turned the corner in occupancy and increased room rates. As can be seen in the chart to the right, average occupancy is now approaching the peak of February 2001, although still below the highs achieved in 1995 and 1996. According to PriceWaterhouseCoopers, occupancy is forecasted to continue to increase 3 to 5% through 2007, which if achieved, would represent the first time the industry recorded five consecutive years of positive occupancy gains.

Total United States
Occupancy Percent
Twelve Month Moving Average – 1989 to October 2005

Exhibit 23

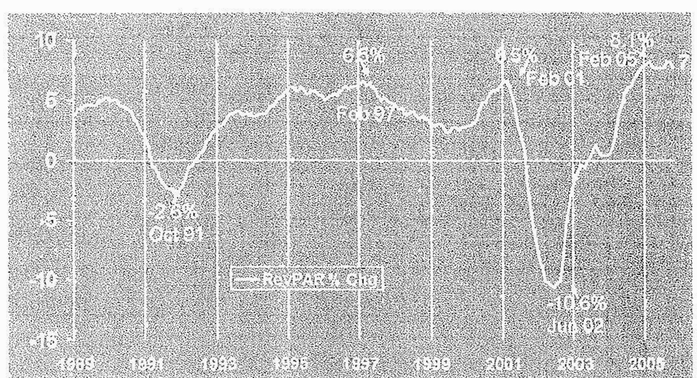


Source: Smith Travel Research

A further indicator of recent positive trends in the US lodging industry has been evidence of consistent increases in US Lodging RevPAR rate in the last two years. The RevPAR rate measures total revenue per available room (as opposed to occupied rooms) and is an important measurement of the relationship of occupancy and room rate on capacity to fill rooms. As the following chart shows, US Industry RevPAR rate has increased 7.6% year to date (October 2005), representing only a slight drop from the average 7.7% achieved in 2004. Increases were achieved by both gains in occupancy (2.4% over last year) and increases in room rate (3.1%).

Total United States
RevPAR Percent Change
Twelve Month Moving Average – 1989 to October 2005

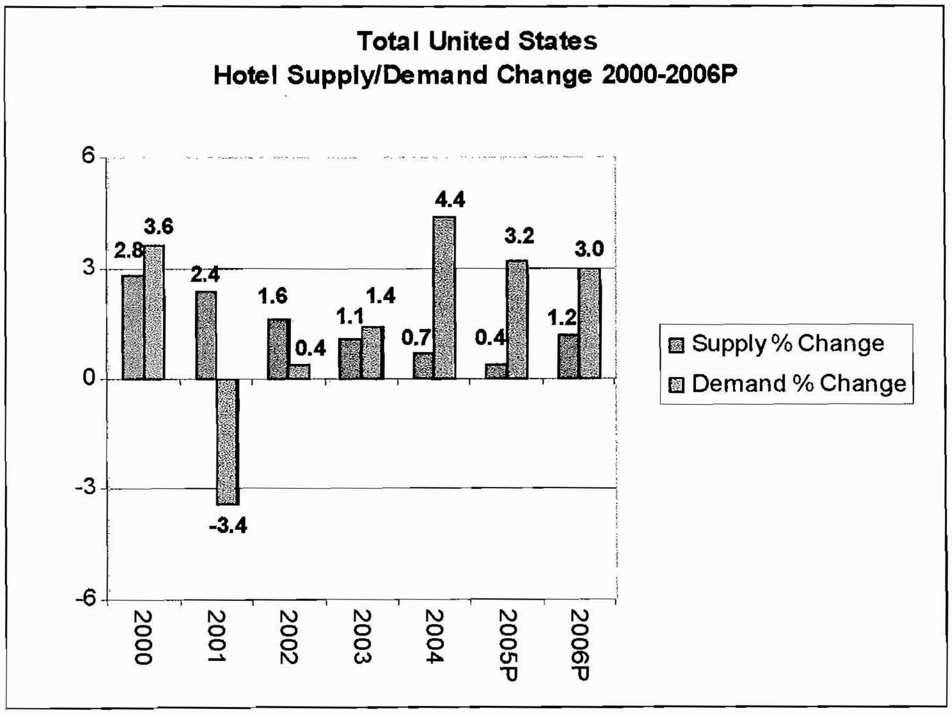
Exhibit 24



Source: Smith Travel Research

The luxury segment is forecast to experience the strongest average RevPAR growth over the next three years, followed by midscale hotels (without food and beverage). A major boost to hotel demand in the last two years has been increased business travel resulting in a 4.4% increase in demand in 2004 and has contributed to a slightly lower, but nevertheless positive 3% increase in year to date 2005. Meanwhile occupancy and room rates are benefiting from historically low development pipeline of new hotel product with under 100,000 rooms in construction or final planning for the nation. Below is a chart showing recent trends and projections for 2006 in supply and demand for hotel rooms.

Exhibit 25



According to Smith Travel Research, national hotel demand is projected to increase by an average of 3% through 2007 providing a favorable environment going forward and suggesting long term optimism for the industry as a whole. Year to year increases, however, in occupancy and room rates are expected to moderate from peak increases in 2003-4. Along with projected growth in demand from both business and leisure travelers, low room supply growth is expected to give the industry increased price leverage on rates and keep occupancy at economically profitable levels.

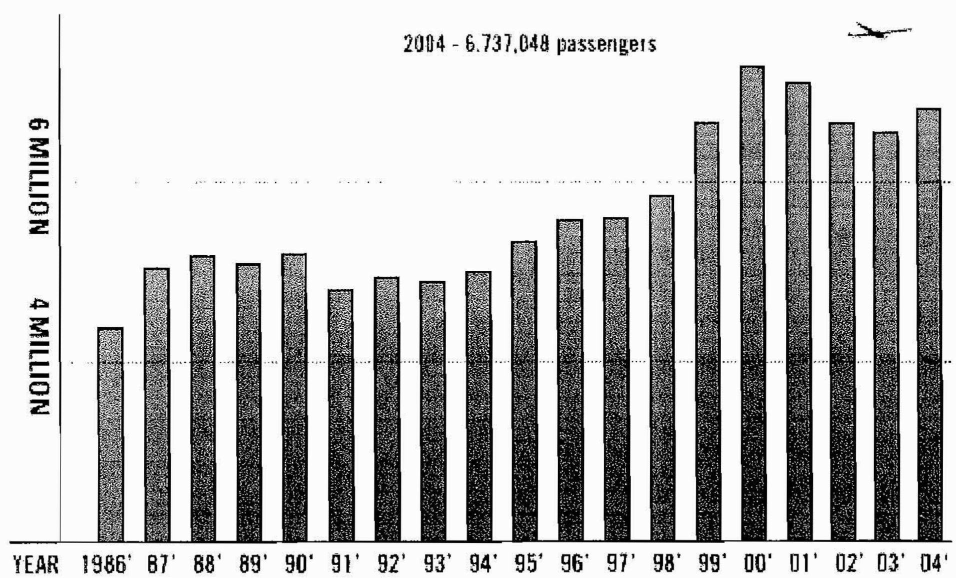
Market Area Business & Tourism Activity

Air Passenger Volume

Data shows that there is a strong correlation between air passenger volume and hotel demand. Bradley International Airport is located ten miles from the Rentschler site and serves 19 commercial carriers and more than 300 national and international flights daily. As can be seen from the chart below, passenger volume at Bradley International Airport rose rapidly from 1994 through 2000 with annual rates of growth of 8 to 15%. During this period, passenger volume increased by as much as 50%. This trend, however, was dramatically reversed with the 9-11 attack and its subsequent aftermath which dropped service by 14% at Bradley from a high of 7.3 million passengers in 2000 to 6.3 million in 2003.. Notably, this was also the period of time in which the hotel industry witnessed softening rates and declining occupancy.

More recently, there has been growing evidence of a rebound in air traffic use with passenger volume at Bradley increasing by 7.5% between 2003 and 2004. This positive trend appears to be continuing into 2005 with passenger data for 2005 showing an average year to year increase of 11%. This growth comes at a time when Bradley has commenced implementation of its 20 year Master Plan, a factor likely to influence increased air passenger activity, and in turn hotel demand, as it is completed.

Exhibit 26
Bradley International Airport – Passenger Usage



Source: Bradley International Airport

Room Occupancy Receipts and Tourism Tax

One of the most direct and accurate measure of hotel demand is hotel/motel revenues from which the State of Connecticut collects a transient occupancy tax. Actual data for Hotel Occupancy Receipts is not available for Connecticut after 2002 but based on information available from Connecticut Revenue Service, lodging employment growth and data available for the Northeast, estimates are provided through 2004. Hartford County occupancy receipts dropped in 2001 and 2002 but have since increased on a percentage basis beginning with 2003. It is also notable that Hartford County hotels experienced less of a decline than the State overall between 2000 and 2003.

Exhibit 27

CT Hotel Room Occupancy Receipts (millions)

	2000*	2001	% change	2002	% change	2003 (est)	% change	2004 (est)	% change
Hartford County	$159.4	$155.7	-2.2%	$154.6	-0.7%	$157.7	2.0%	$163.9	4.0%
State of CT	$600.7	$574.0	-4.4%	$553.2	-3.6%	$561.5	1.5%	$578.3	3.0%

Source: CT Department of Revenue Service
*Note: Calendar Year

Conneciticut's tourism surcharge tax is a $1 tax on the rental of vehicles and as such functions much like air passenger trends as a proxy or indicator for hotel demand. Unfortunately the data is not disaggregated to the county level but nevertheless confirms a rising trend in usage for the state from a -2.2% in fiscal year 2002 to a positive 1.8% in FY 2003 followed by 3.5% increase in FY 2004.

Exhibit 28

Tourism Surcharge Tax – State of Connecticut (millions)

	FY 2001-2002	FY 2002-2003	% change	FY 2003-2004	% change	FY 2004-2005	% change
Connecticut	$4.536	$4.433	-2.2%	$4.513	1.8%	$4.670	3.5%

Source: CT Department of Revenue Service

Connecticut Convention Center Impact on Hotel Demand

A major factor that will influence hotel demand in Hartford and the region is the recent opening of the Connecticut Convention Center which opened its doors for business in June 2005. Considered a centerpiece of Downtown Hartford's Adriaen's Landing revitalization plans, the $230 million center encompasses 1.6 million square feet (540,000 net) inclusive of 145,000 exhibition space, 40,000 square foot ballroom and a 2,556 car garage. Along with being one of the tallest in the country, the center represents the largest such facility between Boston and New York. Listed among the key marketing advantages of the center are its easy accessibility by highway and air, access to 23 million people within a 2 hour drive, size of the center (bigger than regional centers in area including Providence, Springfield, and Worcester), and relative affordability compared to larger urban convention centers. The presence of more than 2000 hotel rooms in Hartford, with 1367 classified as upscale, is also cited as an important factor in marketing the facility, although the room count is generally below the number necessary to capture national convention business.

Based on initial bookings, current projections for the center call for total attendance of 250,000 people a year and an average of 200 events. This represents a 20% increase in bookings over the original projection of 167 events and 192,000 people a year based on a 2000 study undertaken by KPMG. Total attendance includes conventions, trade shows, consumer shows, meetings, banquets and local events. Larger convention trade, however, is projected to be less than expected with 51,000 attendees annually as compared to the projection of 65,700 made in 2000.

Although early results point to a relative success, the CT Convention Center is facing increased competitions in the face of major building boom in new and expanded convention centers nationally and regionally even as the number of events has remained relatively fixed. The trend in development of convention space has been sustained for more than two decades with 11 million net square feet nationally in 1980 to 24 million net square feet today. Moreover, a surge in building has occurred recently with ten new convention centers opening including one in Springfield, Massachusetts, while 13 have undergone or plan expansion between July 2004 and October 2005.

Despite the new supply in convention space, Connecticut Convention Center's recent success in capturing events previously hosted in Providence, Philadelphia, Charlotte and Pittsburgh provides ample evidence of the competitive advantages of the Hartford facility and location. Assuming projected attendance of 251,000 (of which 51,000 is conventioneers), it is projected that between 200,000 to 300,000 hotel room nights would be generated directly by the facility (assuming an average 1 to 1.5 nights per attendee based on case studies). Assuming the downtown captures 80% of this demand, an additional annual demand for 440 to 660 rooms per year would be generated outside the city.

Other Influences on Future Hotel Demand

The following are also acknowledged as likely to impact future demand for hotel space in the region.

Connecticut Center for Science and Exploration

Another key component of Adriaen's Landing project is the $150 million Connecticut Center for Science and Exploration science center designed to provide hands-on experience of science from the micro level to outer space. Groundbreaking for the 144,000 square foot science center took place in October 2005 with completion slated for 2008. Once opened, the facility is expected to attract more than 400,000 visitors annually.

Front Street Retail & Entertainment Center

HB Nitkin Group of Greenwich and Realty Resources of Maine has been selected as latest developer for the mixed-use housing, retail and entertainment center targeting 6 acres on Front Street within Adriaen's Landing. Although no formal plans have been submitted to date, preliminary concepts for the site call for emphasis on dining and entertainment which could provide support for attractions and events linked with Hartford and the area.

Other Attractions

According to the Hartford Convention and Visitors Bureau, a high number of visitors to the area spend an overnight in the area (either hotel or fiends or relatives). Non-business related visitors cite a number of Hartford area cultural and historical attractions which draw them to the region that include:

- Bushnell Center for Performing Arts
- Dinosaur State Park
- Harriet Beecher Stowe House
- Mark Twain House
- Wadsworth Athenaeum
- State Capitol
- Riverfront Cruise
- Rentschler Field

Proposed Rentschler Uses on Future Hotel Demand

Among the planned components of Rentschler development, the most significant in terms of potential impact on hotel demand is the proposed Cabela's mega-store calling for more than 225,000 square feet of retail, dining, educational, and entertainment space. In addition, the Rentschler plans include a retail and entertainment component which would be linked to the Cabela attraction and stadium visitors for events/games at the 40,000 seat Rentschler Field. Potentially capable of attracting millions of people based on experience in other areas of the country, the Cabela's store and associated retail and entertainment center could function as one of the top attractions in the state.

An additional, and certainly an important demand driver would be expected from the planned office and research and development space associated with the Rentschler project. Proposed plans call for more than 2 million square feet of new office and r&d over a 20 year period.

Existing Hotel Inventory

Hartford County currently has 9,721 hotel and motel units among 87 properties as of October 2005. Like much of the country, low to modest occupancy rates kept production of hotel properties essentially flat from 2002 through 2004. In 2005, however, four new upscale properties were added to overall supply representing a 12.4% net increase over 2004 for a total of 1,047 rooms. The recent influx of hotels included the $77 million 409-room Hartford Marriott serving as the convention headquarter hotel for the newly constructed Connecticut Convention Center in downtown Hartford.

Exhibit 29
HARTFORD COUNTY HOTEL SUPPLY

	Historic Supply					
Hotels	**Oct-00**	**Oct-01**	**Oct-02**	**Oct-03**	**Oct-04**	**Oct-05**
Luxury						
Upper Upscale	6	6	7	7	6	8
Upscale	11	11	12	12	13	15
Mid with F&B	7	6	6	7	8	7
Mid without F&B	9	7	8	8	10	10
Economy	14	17	20	21	21	23
Independent	30	28	28	27	24	24
Total	**77**	**75**	**81**	**82**	**82**	**87**

	Historic Supply					
Rooms	**Oct-00**	**Oct-01**	**Oct-02**	**Oct-03**	**Oct-04**	**Oct-05**
Luxury						
Upper Upscale	1,676	1,676	1,971	1,971	1,579	2,380
Upscale	1,585	1,605	1,699	1,699	1,829	2,044
Mid with F&B	813	717	717	770	890	784
Mid without F&B	1,044	767	877	877	1,102	1,058
Economy	1,298	1,582	1,849	1,921	1,824	1,973
Independent	2,140	1,928	1,941	1,822	1,423	1,482
Total	**8,556**	**8,275**	**9,054**	**9,060**	**8,647**	**9,721**
% increase in rooms		-3.3%	9.4%	0.1%	-4.6%	12.4%

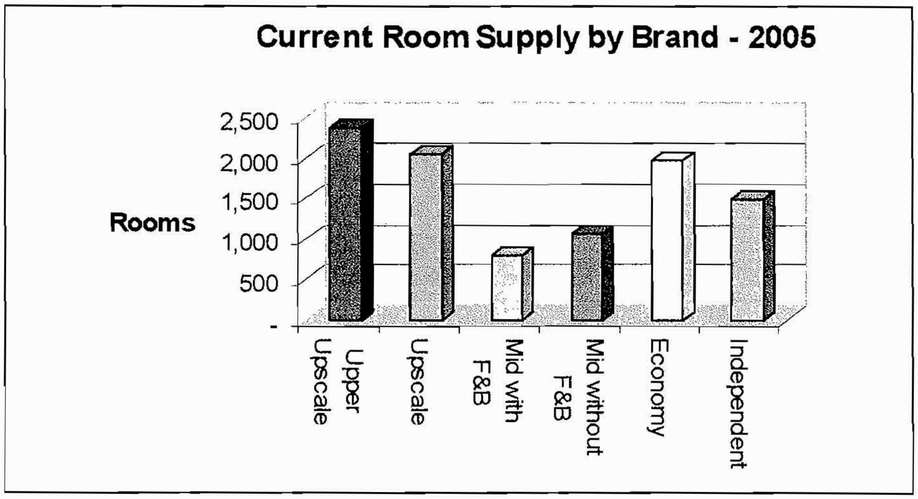
Source: Smith Travel Research

Smith Travel Research uses six different classifications for hotels ranging from the luxury to independents. Luxury hotels, of which none were identified in the county, include such examples as Four Seasons or Ritz Carlton. Upper Upscale are represented by chains that include Marriott, Hilton, and Doubletree, while upscale chains popular with business travelers include Courtyard, Residence Inn and Homewood Suites.

Within Harford County, the upper upscale and upscale chains account for 45% of the room availability in the region while economy chains and independents maintain a 35% share. Of the 8 upper upscale hotels in the marketplace, two are located in Harford and one in East Hartford. The least represented hotel type in the marketplace are midscale hotels-motels

(Holiday Inns, Ramada's, Comfort Inn, Hampton Inn) both with and without food and beverage. A chart resenting the distribution by brand type in Hartford County is provided below.

Exhibit 30



Source: Smith Travel Research

Geographic Distribution of Hotel Supply

As would be expected, the city of Hartford commands most of the regions' upperscale rooms with 1,367 units, followed by Farmington at 621, Windsor Locks at 609 and Windsor at 601. The business traveler is the major determinant of demand for this hotel type locally along with more recently the conventioneer linked to the Hartford's convention center. Upscale hotels can also be found in Manchester (186 rooms), Rocky Hill, (347 rooms), Glastonbury (150 rooms), Avon (100 rooms) and Southington (94 rooms). Mid-scale hotels/motels generally offering easy access, free parking and designed to capture more budget conscience travelers are equally distributed throughout the region off 1-91 and I-84. Greatest concentrations, however, are found in Windsor Locks with 494 rooms distributed among four properties, East Windsor (293 rooms), Hartford (225) and Manchester (197). In East Hartford, there are five hotels/motels totaling 590 rooms including the upper upscale Sheraton Hotel on East River Drive with 215 rooms.

Exhibit 31

Major Locations of Lodging – Hartford County

Town	# of Rooms	% Mkt. Share	# of Properties
Hartford	2003	20.2%	11
Windsor Locks	1350	13.9%	10
Farmington	895	9.2%	6
Windsor	706	7.3%	6
Manchester	641	6.6%	9
East Hartford	590	6.1%	5

Source: Smith Travel Research, AMS

Hotel Pipeline

An additional 13 hotel projects were identified in the planning stage or under construction which if completed as planned would add an additional 1,225 rooms to the marketplace, or a 12.6% increase to present supply. However, only 193 units are currently in construction, involving two projects: Homewood Suites in Hartford on Asylum Avenue (110 rooms) and Comfort Inn, Southington (83 rooms). The new hotel rooms would result in a 1.98% increase in supply, or well below projected demand which is expected to grow at a 3% rate. Another 403 rooms are reportedly in final planning in three projects: Hampton Inn & Suites (120 rooms) in East Hartford on corner of East River Drive and Pitkin Street, Homewood Suites in Somerset Square in Glastonbury (133 rooms) and a Holiday Inn & Suites in Windsor Locks (150 rooms). The chart below summarizes the pipeline activity by brand type and timing.

Exhibit 32

Hartford Region Hotel Pipeline

Hotel Type	In Constr.	Final Planning	Planning	Pre Planning
Luxury				
Upper Upscale				
Upscale (3)	110	133	115	
Mid with F&B (1)		150		
Mid without F&B (2)	83	120		
Economy (1)			11	
Independent (4)			503	
Total (10)	**193**	**403**	**629**	-

Source: Smith Travel Services, AMS Consulting

It is also noted that there are a number of proposals for hotels and hotel conference centers in the area that are on the drawing board or in discussion stage as potential uses including a hotel conference center for the Cigna-Gillette Ridge development and potentially two mid-priced hotels for the Capewell site in Hartford.

Summary of Hotel Market Analysis

National Context

- After enduring one of its deepest contractions between 2001 and 2003, the hotel industry on a national basis has turned the corner in occupancy and room rates.
- Occupancy nearing peaks of early 2001 which it achieved prior to collapse of industry following 9-11.
- National RevPAR rate (measuring total revenue per available room and is a leading indicator of the health of the industry) is showing consistent increases since 2003.
- Overall hotel demand rose 1.4% in 2003, followed by 4.4% in 2004, before dropping slightly to 3.0% in 2005.
- Occupancy and room rates benefiting from historically low development pipeline.

Local Demand Factors

- There is a close relationship between air passage volume and hotel patronage. Data on air traffic use for Bradley International Airport reveals air passenger use increased by 7.5% between 2003 and 2004 and is estimated to have increased by 11% in 2005.
- Hartford County hotel occupancy receipts dropped in 2001 and 2002 but has since increased by more than 4% in 2003 to 2004.
- Hotel Demand is expected to increase in the area due to a number of recently completed and planned projects in downtown Hartford that include the Connecticut Convention Center and the planned Connecticut Center for Science and Exploration.
- On the negative side, previous job losses in the region stretching back to 2001 and amounting to over 10,000 employees, coupled by only modest increases recently has tempered the impact of renewed demand from business travel which amounts to a major component of local hotel usage. To the extent, Rentschler Development is successful in meeting goals for office and r&d growth, hotel demand will be positively influenced.

Local Supply

- Hartford County has 9,721 hotel & motel units among 87 properties. The top tier hotels (three and four star) account for 45% of the available rooms in the region.

- The region contains eight upper upscale properties (as defined by Smith Travel Research) of which two are located in downtown Hartford (Hilton Hartford and newly constructed Marriott Hartford Downtown) and the third in East Hartford (Sheraton Hotel).

- Hartford commands much of the region's hotel inventory with 20.2% share of the market. East Hartford has a 6.1% share associated with five properties.

- An additional 13 hotel projects are in various stages of planning and construction (exclusive of proposed projects for Rentschler Field) which if all completed would add 1,105 rooms to the marketplace. The expected roll-out of this supply would represent an annual increase of 2% a year. For the moment, this would appear to be in balance with projected demand ranging from 2 to 3% over the next three years.

Hotel Market Implications for Rentschler Development

Two hotels planned including one hotel/conference center

- The hotel market has firmed up regionally with occupancy rates for most properties approaching or exceeding the70% range. Under normal conditions, when area wide occupancy exceed the 70% range it is considered a healthy environment for operations and new development.

- Average Daily Room rates and RevPAR (revenue per available room) have also increased on a year to year basis both nationally and regionally with increases of 4.0% in 2004 and 5.1% in 2005 thereby providing a sounder economic footing for operating and developing new properties.

- Hotel development activity has been brisk in the region with 13 hotels identified in various stages of planning and development with a projected total of 1,225 rooms. However, only two constitute direct competition with planned hotel facilities for Rentschler with one in construction for Hartford and the other in final planning for Glastonbury. Both are targeted as Homewood Suites properties, representing an upscale extended stay hotel chain. Combined, these two properties would add 146 rooms to the immediate area. Groundbreaking in March 2006 for a third hotel, a mid-priced Hampton Inn, is slated for East Hartford on East River Drive.

- Supply of new rooms in the region is expected to be moderate averaging 2% a year, with demand averaging 3 to 4%, providing an estimated level of unmet demand totaling 485 to 500 units. Assuming no other planned construction, the amount of rooms targeted for Rentschler would not exceed the probable demand threshold for the region based on current economic conditions prevailing.

- While business travelers are normally expected to be the primary market for hotel rooms in the region (typically 60 to 70%), at Rentschler the business mix could be expected to fall between 50 to 60%, with 20% likely to be associated with conference participants and between 20 to 30% with leisure travelers. The level of tourist activity in the region linked to hotel demand is presently small but the site's existing and proposed attractions has potential to expand this segment based on seasonal use linked to UCONN graduations and home football games and other events as well as planned attractions for the Rentschler Development including the Cabella's Superstore.

Although the data suggests a positive environment for some type of hotel or lodging at the Rentschler site, further research may be needed to determine the region's capacity to support an additional large scale hotel /conference center type facility at Rentschler given the current amount of large block meeting space in the immediate area. By definition, a conference center's primary objective is to fulfill the need for function space of the local and regional market with primary focus on serving businesses and business related events. Currently there are seven facilities in the immediate area that provide large scale function/meeting space. This includes the new Connecticut Conference Center with 25,000 square feet of flexible meeting space (along with its 145,000 square feet of exhibition space). In addition, the Hilton Hartford, the new Marriott Hartford Downtown, and the Sheraton in East Hartford all contain meeting space ranging between 11,715 square feet to 17,000 square feet. Also located in Hartford is the Aetna Conference Center with 40,000 square feet of meeting space. Additional facilities outside Hartford-East Hartford can be found at Marriott Hartford Windsor Hotel (14,905 sf meeting space), as well as the Sheraton Hotel at Bradley Airport (13,459 sf). Meanwhile, a hotel conference center is being proposed for the Cigna/Gillette Ridge multi-use development in Bloomfield, although plans are preliminary at this point. While certain amount of hotel demand is expected to be generated from the project as well as occur naturally in the region as it grows, ultimate feasibility of a large scale conference center may well depend on full build out of proposed office at Rentschler linked with a higher rate of regional employment growth, both of which are uncertain outcomes at this time.